



# **Daily Report**

## **China**

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## United States & Canada

### Tibet's Mao Rubai, U.S. Official Hold Talks HK141517 Lhasa Tibet Regional Service in Mandarin 1130 GMT 14 Apr 88

[Text] On the afternoon of 13 April, Mao Rubai, vice chairman of our autonomous regional people's government, met with Stapleton Roy, [deputy] assistant secretary of the U.S. State Department, and members of his party at the Lhasa Hotel.

During the meeting, Comrade Mao Rubai held frank [tan], sincere [cheng], and friendly [you hao] talks with the American guests. He said: We hold a different view on the issue of human rights. The Tibetan people now enjoy the full rights of democracy and freedom. Is it conceivable that our people can only enjoy human rights through the restoration of the feudal serf system? Is it conceivable that the small number of rioters' practice of beating, smashing, looting, and arson can be described as enjoying human rights? In my opinion, this kind of practice will not be recognized by the international community as human rights.

Mao Rubai added: We did make some leftist mistakes in our work for a period of time in the past and particularly during the Great Cultural Revolution. However, these kinds of leftist mistakes were nationwide ones. Many of our veteran cadres were also persecuted at that time. We have announced this to the whole world. Leftist influences do not just exist in Tibet. It seems to some circles of the outside world that our Tibetan Autonomous Region does not have freedom of religious belief. This kind of understanding does not conform to reality. Since the 3d Plenary Session of the 11th CPC Central Committee we have devoted a lot of time and energy to correcting leftist mistakes, eliminating leftist influences, and healing wounds caused by leftist mistakes. In Tibet, despite the fact that we have been beset with financial difficulties in the development of economy, we have managed to appropriate over 34 million yuan for repairing and renovating a number of temples, monasteries, and religious places. At the same time, we have ensured implementation of many relevant policies, thus enabling the people to fully enjoy the freedom of religious belief.

Mao Rubai also answered relevant questions raised by the American guests, gave a relatively detailed briefing on the 5 March riot in Lhasa, and briefed them on the progress made by our region in developing the economy over the past few years.

Mao Rubai said: We did not change the policy on opening up even during the Lhasa riot. Our autonomous regional people's government has reiterated this approach to the policy many times. Our policy on opening up will not be changed and our policy on developing tourism will also remain unchanged. Opening up is good for our economic development. All visits

to Tibet, either by American congressmen or American news reporters, are welcome. Such visits will be very good for strengthening mutual understanding, eliminating misunderstanding, and strengthening friendship. According to the PRC Foreign Ministry's relevant regulations, a foreign news reporter who wishes to visit Tibet, must first make an application. Due to the fact that our current ability to receive visitors is not satisfactory, we hope that foreign tourists will visit Tibet in groups and that foreign news reporters will visit Tibet for press coverage by stages and in groups. If they can do that, we can provide better facilities for them.

Roy and members of his party arrived in Lhasa on the morning of 13 April.

## Soviet Union

### Commentary on Soviet Withdrawal From Afghanistan OW141448 Beijing XINHUA in English 1436 GMT 14 Apr 88

[“Commentary: No Victory for Aggressors” (by Sheng Shiliang)—XINHUA headline]

[Text] Moscow, April 14 (XINHUA)—With the signing of a peace agreement between the Moscow-backed Kabul regime and Pakistan in Geneva today, the Soviet Union is expected to begin pulling its troops out of Afghanistan next month after nearly 9 years of occupation of its Asian neighbor.

Mounting domestic and external pressures, plus newly-found sobriety by the Soviet leadership in regard to the present situation, have contributed to Moscow's decision to withdraw its troops from the Soviet Union's "Vietnam."

The invasion, or “assistance to the Afghan people” in Kremlin's rhetoric, did not begin well.

From the very first day the Soviet tanks rumbled into the country and toppled the former regime in a coup d'état at the “invitation of the Afghan Government,” the whole world, including many Soviet citizens, began to wonder how a government could invite a major power (11 times, the Soviets claim) to overthrow itself and kill its head.

Although the Kremlin might care little whether the world believes their justification for invasion, it could not ignore the increasing pressures both at home and abroad to get out.

In addition to calls by an increasing number of Soviet parents to bring their sons home from the battlefields, the United Nations has adopted resolutions for a Soviet troop pullout every year since 1980.

The Afghan issue has been a dominant topic facing Soviet leaders wherever they went in the world.

Stuck in the protracted, hopeless war with Afghan resistant forces, the Soviet Union has sustained heavy casualties of some 30,000 soldiers and more than 10 billion U.S. dollars, lives and money that could be better spent on the urgent tasks of economic restoration the Soviet Union faces.

The Soviet leadership, forced to undergo sober re-examinations of its past behavior since Mikhail Gorbachev came into power in 1985, finally has decided to pull back its overstretched arms and start repairing its disgraceful international image.

Although the Geneva negotiations on the conflict have concluded successfully, it will take a long time to heal the deep wound the Soviet invasion left on Afghanistan.

And it will take a much longer time, too, for the world to see if the Soviet leadership has genuinely understood the simple but often-neglected truth: no victory for aggressors.

**Daily on Improving USSR-ASEAN Ties**  
*HK141336 Beijing RENMIN RIBAO in Chinese*  
*12 Apr 88 p 6*

[“Roundup” by Gui Tongchang (2981 6639 2490): “The Soviet Union Strives To Improve Relations With ASEAN”]

[Text] For some time now the Soviet Union has been gradually improving and developing its relations with ASEAN countries.

An important indication of this is the frequent mutual visits by senior officials of both parties. Last year alone, senior Soviet officials, including the vice president of the Presidium of the Supreme Soviet of the USSR, the chairman of Supreme Soviet of Nationalities, the minister, vice minister, and head of the South Asian Department of the Ministry of Foreign Affairs, the minister of foreign trade, and the commander in chief of the Soviet Armed Forces visited ASEAN countries. Last March, Soviet Foreign Minister Eduard Shevardnadze visited ASEAN countries, reportedly the first visit by a Soviet foreign minister to the region. Meanwhile, from last May to February, Malaysian Prime Minister Mahathir, the Indonesian foreign and information ministers, and Chavalit, acting supreme commander of the Thai Armed Forces and commander in chief of the Army, visited the Soviet Union one after another. Unlike the past, the Soviet and Indonesian foreign ministers have met three times in less than a year. Moreover, the Soviet Union has invited Thai Prime Minister Prem Tinsulanon, Indonesian President Suharto, and Philippine President Corazon Aquino to visit. Public opinion has pointed out: All this shows that the Soviet Union “has been interested in” the region in recent years.

Since Soviet support for Vietnam's invasion of Cambodia directly threatens peace and security in Southeast Asia, the Cambodian issue has become a major obstacle to the development of Soviet relations with the ASEAN countries. Now that the Soviet Union wants to improve relations with the ASEAN countries, the Cambodian issue has naturally become a principal unavoidable issue in their contacts. The ASEAN leaders have called on the Soviet Union to use its influence to bring about a Vietnamese troop withdrawal and to give play to its role in solving the Cambodian issue. Recently, Soviet leaders and senior officials have expressed support for a peaceful solution of the Cambodian issue. The ASEAN countries are interested in safeguarding peace, security, and stability in the region, and they favor setting up a peace, free, and neutral region in Southeast Asia and turning Southeast Asia into a nuclear-free zone. In an interview with the Indonesian daily MERDEKA, Soviet leader Gorbachev indicated that the Soviet Union was ready to remove all its intermediate-range guided missiles deployed in Asia. He also said that the Soviet decision was made in consideration of the aspirations of Asian countries.

To develop relations with the ASEAN countries, the Soviet Union has also changed its policy toward some ASEAN countries. Following the Philippine general elections in February 1986, the Soviet Union was the only country that congratulated Marcos on his election. When an abortive coup occurred in the Philippines last August, the Soviet Ministry of Foreign Affairs issued a statement, indicating that it did not “sympathize with the use of violence to overthrow the legitimate Philippine Government.” The Soviet Union requested permission to establish consulates in Cebu and Davao, Philippines. It also demanded that Soviet merchant ships and fishing boats should be allowed to berth at Phillipine docks and that Soviet warships should be allowed to enter Phillipine ports for repair. Moreover, it called on Phillipine and Thai dockyards to service its merchant ships.

The Soviet Union attaches special importance to, and is particularly interested in, developing economic and trade relations and cultural, scientific, and technological cooperation with the ASEAN countries. The Soviet Union has expressed its readiness to provide the ASEAN countries with loans, to make investments, and to expand commercial links so as to help the ASEAN countries develop their economies. The Soviet Union has repeatedly indicated that it is ready to provide the Philippines with economic aid. It has also indicated its readiness to provide Indonesia with credits for the construction of relevant projects. Both parties have discussed the question of setting up joint ventures in Indonesia. Soviet officials have also said that Thailand is welcome to participate in its program to develop the Far East.

To expand trade with the ASEAN countries, the Soviet Union has set up joint trade commissions with Thailand, Indonesia, and Malaysia. Over the past 6 years, the trade

volume between the Soviet Union and the ASEAN countries has increased to some extent.

In the fields of culture, science, and technology, the Soviet Union has signed an agreement with Indonesia on exchanging television programs, promised to launch a communications satellite for Indonesia, and agreed to let an Indonesian astronaut participate in Soviet space flight. The Soviet Union has also proposed more cooperation with Thailand in the scientific and technological fields.

Japanese public opinion holds that the Soviets' "abnormal interest" in the ASEAN countries is a concrete manifestation that it is "quicken the pace of implementing a line to draw closer to ASEAN." According to the U.S. NEWSWEEK, the Soviet Union is taking advantage of the "undercurrent of anti-American feeling" in some ASEAN countries to "build up closer links" with them, thus "greatly enhancing its prestige" with the ASEAN countries "at the expense of U.S. interests."

### Northeast Asia

**U.S. Violations of Korean Armistice Alleged**  
*OW150758 Beijing XINHUA in English 0727 GMT  
15 Apr 88*

[Text] Pyongyang, April 15 (XINHUA)—Security officers for the Korean-Chinese side of the Korean Military Armistice Commission Thursday condemned the recent armistice violations by U.S. security officers.

The complaint was issued Thursday in a meeting of the Armistice Commission in Panmunjom that was requested by the Korean-Chinese side.

They complained that armed American officers entered the joint security area in Panmunjom in violation of the armistice agreement that prohibits arms in the security area.

They said that the U.S. officers' activities created tension in the area.

On April 13, they said, American officers entered the posts near living quarters of the Neutral Nations Supervisory Commission. American guards with arms also went into the joint security area on April 4, April 6 and April 11, they added.

The Korean-Chinese officers demanded that the U.S. comply with the armistice agreement and concerned accords.

**Qian Qichen Rules Out Ties With South Korea**  
*SK150140 Beijing International Service in Korean  
1100 GMT 6 Apr 88*

[Text] In answering questions on Chinese-South Korean relations that reporters asked in today's news conference with domestic and foreign reporters arranged by Comrade Zeng Tao, press spokesman for the NPC session, Comrade Qian Qichen, vice minister of foreign affairs, stated that China will not have bilateral relations with South Korea and that China's such policy is to accelerate the alleviation and stability of the situation on the Korean peninsula.

Vice Minister Qian Qichen also said that the participation of the Chinese athletic delegation in the Seoul Olympics is in accordance with the Olympic Charter.

Vice Minister Qian Qichen went on to say that China maintains friendly relations with the DPRK and that the policies of both China and Korea are mutually understood.

**Leaders Receive Congratulations From Kim Il-song**  
*SK150124 Beijing International Service in Korean  
1100 GMT 10 Apr 88*

[Excerpt] Leaders of some countries sent congratulatory messages or letters to the leaders who were newly elected in our country.

DPRK President Kim Il-song sent a congratulatory message to President Yang Shangkun, Chairman Wan Li, and Military Commission Chairman Deng Xiaoping.  
[passage omitted]

### Southeast Asia & Pacific

**Philippine President Aquino Continues Visit**

**More on Arrival**  
*HK141507 Beijing International Service in Tagalog  
1130 GMT 14 Apr 88*

[Text] Philippine President Corazon Aquino arrived this morning in Xiamen City, Fujian Province, for her 3-day China state visit. She was met at the airport by the head of China's reception committee and Textile Industry Minister Wu Wenying, and the Fujian Governor Wang Zhaoguo. Mrs Aquino went first to visit the village of Hongjian, Longhai county, where her ancestors originated.

In her brief speech during the reception ceremony held on her arrival, Mrs Aquino said that she came to China for a state visit and for a personal reason. She came officially as the Philippines' head of state and, in a way, as a daughter of the village. She also spoke in Chinese dialect and said she came to China for her family and for the other Filipinos who have Chinese blood in order to

trace and get acquainted with her ancestors and to understand their creative and diligent qualities. She said that these qualities have urged them to develop various undertakings in foreign countries. Her speech was received with applause by the villagers.

Mrs. Aquino's ancestor, (Xu Yijuan) or Cojuangco, her Philippine name, was born and had lived in this village before moving finally to the Philippines to live. Mrs Aquino has more than 40 relatives in this village and she looked happy talking to them.

Then, Mrs Aquino visited the ancestral temple of (Am Gang Xie Okou), where her great grandfather had lived. She also visited a kindergarten where she donated a set of materials for the childrens' playground to express her deep feelings for her ancestors' place of origin. She also planted a tree in the village.

At noon today, the Fujian Governor Wang Zhaoguo, and the mayors of Xiamen and Zhangzhou jointly hosted a luncheon party in honor of Mrs Aquino and her delegation. Wang Zhaoguo said China and the Philippines are friendly neighbours. He said the people of Fujian Province and the Filipino people have had a long-standing close friendship and that since his country has opened its doors to the outside world, exchanges and cooperation in the economic, trade, cultural, arts, and sports fields between the Philippines and the Fujian Province have been continuously expanding. He expressed the belief that the Philippine president's visit to Xiamen would further improve the friendly ties between Fujian Province and the Philippines.

Mrs Aquino said she was amazed to see the great progress of Xiamen under the rule of the mother country. We will learn many things from you and we hope for a continuous friendship between the Philippines and China, the president added.

After visiting Xiamen, Mrs Aquino will go to Beijing.

News of President Corazon Aquino's visit to China was published in China's biggest newspaper RENMIN RIBAO, together with her photo and her biography.

The Army Chief Brigadier General Adalem said that during President Aquino's visit to China, the military will be on red alert to be prepared to crush any coup attempt. Adalem said the military will strongly support the Aquino government.

After paying respect to President Aquino, the Armed Forces Chief of Staff Renato de Villa told reporters the military is prepared to face any unexpected developments while the president is away.

**Aquino's Second Day Schedule**  
*HK150517 Quezon City Radyo ng Bayan in Tagalog  
0400 GMT 15 Apr 88*

[Text] Today is the second day of President Aquino's visit to China which will include meetings with top Chinese leaders. The first meeting was with newly elected President Yang Shangkun who met President Aquino and her delegation at the Great Hall of the People. President Aquino is the first head of state to be received by Yang who was elected the fourth president of the PRC last week.

At 9 am today, the president arrived at the square in front of the east gate of the Great Hall, accompanied by Textile Minister Wu Wenyi, chairwoman of the reception committee. The welcoming ceremony began with a 21-gun salute while the anthems of the two countries were played. President Yang said he was delighted and honored to meet President Aquino. For her part, President Aquino thanked the Chinese president for the warm reception given to her and expressed her happiness at being able to visit her ancestors' home in Fujian Province yesterday. Mrs Aquino also congratulated Yang for being chosen the new president of the PRC.

This afternoon, the president's itinerary covers a visit to the Palace Imperial Museum and a tour of the Great Wall. She will then pay her respects to Deng Xiaoping, chairman of the Military Commission of the Communist Party's Central Committee. At 7 pm, she will be given a banquet at the Great Hall of the People.

The president, accompanied by a delegation of 50, arrived yesterday at Xiamen airport and went to visit her ancestral home at Hongjian Village. After a reception there and a stopover at Xiamen's economic zone, she flew to Beijing. The president's plane landed at the end of the old airport which is used for special visitors, and she was taken to the (Jao Yi Tai) guesthouse, the president's official home during her Chinese sojourn.

Yesterday, the president was treated to fireworks, bands and an opera troupe when she arrived in Hongjian. The president told her welcomers that her visit to China was both official and personal. In a short speech, the chief executive said she was her country's head of state as well as a child of Hongjian. Her visit to village was almost canceled because of the previous night's bad weather; however it improved yesterday morning.

**Yang Shangkun Welcomes Aquino**  
*OW150144 Beijing XINHUA in English 0130 GMT  
15 Apr 88*

[Text] Beijing, April 15 (XINHUA)—Philippine President Corazon Aquino was welcomed at an official welcoming ceremony, presided over by China's new President Yang shangkun, here this morning.

Mrs. Aquino is the first foreign head of state received by Yang, who became the fourth president of the People's Republic of China last week.

At 9 am, President Aquino arrived at the square in front of the east gate of the Great Hall of the People in the company of Wu Wenying, chairwoman of the Reception Committee of the Chinese Government and minister of the textile industry. Yang stepped forward to shake hands with Mrs. Aquino.

The welcoming ceremony began with a 21-gun salute amid the national anthems of the Philippines and China rolled out by the military band. Mrs. Aquino, accompanied by Yang, reviewed a guard of honor. Waving bouquets and flowers, 300 youngsters danced to welcome the Philippine president.

Present at the welcoming ceremony were Chen Muhua, vicechairwoman of the Standing Committee of China's National People's Congress, Qian Qichen, minister of foreign affairs, Zheng Tuobin, minister of foreign economic relations and trade, and He Kang, minister of agriculture, as well as principal members of Mrs. Aquino's entourage.

#### **Li Peng Talks With Aquino**

OW150844 Beijing XINHUA in English 0816 GMT  
15 Apr 88

[Text] Beijing, April 15 (XINHUA) — Chinese Premier Li Peng and Philippine President Corazon C. Aquino today pledged to further develop the friendly cooperation between China and the Philippines in the fields of economy, trade, education, science and technology, and culture and the arts.

The two leaders held talks for two hours in the Great Hall of the People here this morning.

Li said China and the Philippines have maintained friendly relations since the establishment of their diplomatic ties in 1975 and a new development has come about in this field since President Aquino formed the new Philippine Government.

He expressed the belief that Mrs. Aquino's current visit to China would make positive contributions to further promoting the traditional friendship between the Chinese and Philippine peoples, and the relations of friendship and cooperation between the two countries.

He noted that both China and the Philippines are working for peace and development, and share the same or similar points of view on a series of major international issues. "We hope that peace and stability worldwide can be safeguarded, as well as in the Asian and Pacific region, he said.

On bilateral relations, Li Peng said China and the Philippines have different social systems and ideologies. However, this will not present an obstacle to the development of friendly cooperation between the two countries, he added.

He said, "We have made great achievements in our cooperation in the fields of science and technology, especially in agricultural technology. This benefits both of us greatly."

President Aquino replied, "Our two countries are quite different. But we share a mutual understanding and mutual respect for sovereignty and territorial integrity."

"We stick to the policy of non-interference in each other's internal affairs," she said. "Our relationship is solid and sustained. This is not only advantageous for both of us, but also benefits regional peace and stability."

Mrs. Aquino reaffirmed her government's position that the government of the People's Republic of China is the sole legal government representing China.

She said that the Philippine Government attached great importance to the development of its friendly relationship with the People's Republic of China. "Official and unofficial contacts between our two countries have achieved great results, on the basis of which, the Philippine Government is eager to further develop cooperation and contacts with China in all fields."

She said that the Philippines and China should develop comprehensive, coordinated relations of friendship and cooperation, which should be full of vitality.

The two leaders also exchanged views on such major international issues as the Kampuchea issue, the Afghanistan issue, disarmament and U.S.-Soviet relations.

On the Kampuchea issue, Mrs. Aquino said the Philippines has always maintained that Vietnam should withdraw its troops from Kampuchea as soon as possible. Her country will continue to support the eight-point proposal of Democratic Kampuchea on a political solution to the Kampuchea issue, support the efforts made by Samdech Norodom Sihanouk for such a solution, and back China's firm support for the Kampuchean people's struggle to resist Vietnam and for national salvation.

Li said that the key to a political solution to the Kampuchea issue is Vietnam's complete withdrawal of its troops from Kampuchea at the earliest possible date.

He pointed out that China has no private axe to grind as far as the Kampuchea issue is concerned. "We hold that after Vietnam withdraws its troops the Kampuchea issue should be settled by the Kampuchean people themselves," he stressed.

Both sides maintain that the future Kampuchea should be an independent, peaceful, neutral and nonaligned country.

The two leaders also briefed each other on their own countries' developments.

Mrs. Aquino invited Li to visit the Philippines, and Li accepted with pleasure. The specific date of the visit will be decided on through diplomatic channels.

**Qian Qichen, Philippines' Manglapus Hold Talks**  
*HK151258 Beijing ZHONGGUO XINWEN SHE in Chinese 1159 GMT 15 Apr 88*

[Report by Li Wei (2621 0251): "Qian Qichen Says Vietnam Cannot Remain a Spectator While Others Are Trying To Solve the Cambodian Issue Politically"]

[Text] Beijing, 15 Apr (ZHONGGUO XINWEN SHE)—The new Chinese foreign minister, Qian Qichen, pointed out here this afternoon that the key to settling the Cambodia issue politically is the withdrawal of all Vietnamese troops from Cambodia as soon as possible and that Vietnam cannot remain a spectator but must take part in the process of settling the Cambodia issue politically and talk with Prince Sihanouk and the Coalition Government of Democratic Kampuchea.

Qian Qichen stressed this while briefing visiting Philippine Foreign Minister Manglapus on China's basic position on the Cambodia issue during their talks.

The two foreign ministers cordially exchanged views on those regional and international matters in which the two countries are interested, and they agreed with each other on a wide range of issues.

The two foreign minister talked for 2 hours at the Diaoyutai Guesthouse. They began their talks by discussing problems concerning bilateral relations, such as trade and exchanges between the personnel of the two countries.

Qian Qichen said: China and the Philippines are friendly neighbors, and there is mutual trust and friendly relations between them.

Manglapus said: The Philippine Government is satisfied with the relations between the Philippines and China and thinks that there are bright prospects for the development of these relations.

Manglapus sincerely congratulated Qian Qichen on his becoming China's seventh foreign minister. Qian Qichen, on the other hand, indicated that he was pleased that the first foreign minister he received after assuming the new post should be from the Philippines, which is one of China's friendly neighbors.

**Philippine Province Protests U.S. Accidents**  
*OW150039 Beijing XINHUA in English 1703 GMT 13 Apr 88*

[Text] Manila, April 13 (XINHUA)—The governor of Zambales Province in the northern Philippines today wanted the U.S. Air Force to take steps to see that no more bombs are accidentally dropped in the future in any area of the province.

Speaking at a press conference here today, Amor Deloso, governor of Zambales, the province in which the U.S. maintains communications facilities, urged the Philippine panel attending the Philippines-U.S. military bases agreement review to call on the U.S. Government to stop accidental bombings in his province. These bombings have resulted in deaths and damage to crops and property in the province.

Deloso said that the latest bombing incident was on December 16, 1987, in Shoals, Zambales, where a fisherman died and 8 other persons were injured in a bomb dropped by an unidentified U.S. plane.

Earlier, on December 5, 1987, a U.S. Air Force Phantom jet dropped a 2,000 pound bomb in the province, he said.

He said the material and moral damage created by these bombings is 12 million U.S. dollars.

The governor of the Zambales Province said that the Philippine panel in the bases agreement review should ask the U.S. Government to indemnify the province and victims of these bombings and discuss with its U.S. counterparts a mechanism whereby future victims can seek redress for the injustice done to them.

**Progress Expected in Indonesian Relations**  
*HK150145 Hong Kong SOUTH CHINA MORNING POST in English 15 Apr 88 p 8*

[By David Chen]

[Text] Indonesia and China, whose relations have been strained since the abortive Jakarta coup of 1965, may establish trade offices, or at least station trade representatives in each other's capitals soon.

Chinese officials and Indonesian authorities declined to comment on the possibility, but barring untoward incidents, this would most likely be realized, perhaps within the year.

Playing a pivotal role in bringing the two sides together, it was reliably learned, would be Romanian President Nicolai Ceausescu, who is expected in Beijing next week.

The President, who was in Jakarta yesterday, reportedly told President Suharto that he would raise the normalisation issue. President Suharto was reported to have "nodded approvingly".

The news came at a time when one of China's vice-foreign ministers, Mr Liu Shuqing, charged with Asian affairs, passed through Hong Kong from a week-long meeting of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in Jakarta. Whilst he had not seen General Suharto as expected earlier, Mr Liu did have a fairly lengthy session with the new Indonesian Foreign Minister, Mr Ali Alatas.

Mr Liu, who arrived in Hong Kong from Jakarta on Wednesday, returned to Beijing yesterday.

Former Foreign Minister Wu Xueqian attended a non-aligned meeting in the west Javanese city of Bandung in 1985.

Details of the manoeuvres remain scanty but it is understood Mr Liu had told Mr Alatas China wished to speed up normalisation after a lapse of 21 years.

If the trade office talks are successful, it will be a milestone in Sino-Indonesian relations. It would also mean the realisation of a dream of former Vice-President, Dr Adam Malik.

Indonesia and China broke diplomatic ties in 1967 at the height of the Cultural Revolution and two years after the 1965 abortive coup by Indonesian communists, of which many Indonesian generals accused China of being involved.

Mr Liu's visit to Jakarta has reviewed interest in bringing the two countries together.

The Indonesian press gave wide publicity to Mr Liu's presence in the capital, despite efforts to down-play its significance.

In a rare defiance of authority, the Indonesian national news agency, ANTARA, published interviews with the Chinese envoy for two consecutive days.

"Let bygones be bygones ... we believe normalisation will be in line with the wishes of both our peoples and peace, friendship and co-operation in this region," Mr Liu said.

Diplomats said Indonesian politicians and officials are split on the issue, but have refrained from making public statements.

"It's a highly sensitive issue that only the President could address," said one political observer.

Observers note General Suharto, 66, has toned down his conditions for normalisation, from demanding China admit its role in the coup attempt and to apologise, to simply a pledge of non-interference in domestic affairs, according to agency reports.

General Suharto had agreed, three years ago, to reopen direct trade through the two countries' chambers of commerce.

For nearly a decade there was no official contact between the two sides, despite a CIA report claiming China was not involved in the coup apart from giving refuge to several Indonesian communists, including a senior cadre, Yusuf Adjitorop.

In 1976, however, some kind of unofficial contact was established at an informal gathering—a lunch given by a third party to farewell a Malaysian diplomat in Hong Kong.

In the spring of 1984, Dr Malik came to Hong Kong and put forward a formula for closer co-operation with China. He was to visit China that autumn with the Sultan of Jogjakarta, but died before fulfilling his dream.

If the trade offices materialise, it will further boost bilateral trade, which has been conducted through third parties.

The two-day trade has benefited Indonesia, with exports running close to US\$300 million (about HK\$2.3 billion) last year, while imports from China fell to around US\$100 million (about HK\$780 million).

**Indonesia's Alatas on Normalizing Ties**  
*OW151234 Beijing XINHUA in English 1157 GMT  
15 Apr 88*

[Text] Jakarta, April 15 (XINHUA)—Indonesian Foreign Minister Ali Alatas said here today that his country continues "informal contacts" in the process of normalization of relations with China.

He told a press conference that the Indonesian Government is striving to continue the process until the time comes to materialize the reopening of the relations.

"We will also continue our informal contacts since there are still many problems that should be solved," he said, adding that Indonesia will also step up direct trade with China.

In an interview with the Indonesian news agency ANTARA earlier this week, Chinese Deputy Foreign Minister Liu Shuqing said that there is no problem on the Chinese side to normalize relations with Indonesia.

Liu who was here to attend the 44th session of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), reaffirmed China's position of not meddling in the internal affairs of other countries.

Alatas said Liu's statement showed that the process toward the resumption of diplomatic ties between the two countries is on the move.

The statement by the Chinese deputy foreign minister has given a clearer indication regarding the process for the normalization of relations between the two countries, Alatas said.

### Near East & South Asia

#### Accord Signed in Geneva on Afghanistan Issue

**Afghan, Pakistan Nonintervention**  
*OW141816 Beijing XINHUA in English 1505 GMT  
14 Apr 88*

[Text] Geneva, April 14 (XINHUA)—Afghanistan and Pakistan today signed an agreement pledging non-interference and non-intervention in each other's internal affairs.

The agreement included respect for the sovereignty, political independence, territorial integrity, national unity and security of each other as well as the national identity and cultural heritage of each other's people.

They agreed to refrain from the threat or use of force in any forms whatsoever so as not to violate the boundaries of each other, to disrupt the political, social and economic order of each other, to overthrow or change the political system of each other, or to cause tension between them.

The two countries will "refrain from the promotion, encouragement or support, direct or indirect, of rebellious or secessionist activities" against each other, "under any pretext whatsoever, or from any other action which seeks to disrupt the unity or to undermine or subvert the political order" of each other, the agreement said.

It said they will abstain from any defamatory campaign, vilification or hostile propaganda for the purpose of intervening or interfering in each other's internal affairs.

The two countries vowed to prevent within their territories "the presence, harboring, in camps and bases or otherwise, organizing, training, financing, equipping and arming of individuals and political, ethnic and any other groups for the purpose of creating subversion, disorder or unrest" in each other's territory and "accordingly also prevent the use of mass media and the transportation of arms, ammunition and equipment by such individuals and groups."

#### Official Welcomes Accord

*OW150330 Beijing XINHUA in English 0417 GMT  
15 Apr 88*

[Text] Beijing, April 15 (XINHUA)—China welcomes the signing of the Geneva accord on Afghanistan and sees it as a "positive development," a Foreign Ministry spokesman said in a statement here today.

The spokesman said that China has all along maintained that Soviet troop withdrawal from Afghanistan is the key to a political settlement of the Afghan question.

The signing of the Geneva Accord, he said, "is a major victory for the Afghan people in their sustained heroic struggle against foreign invasion" and also a victory for the countries of the world in their unremitting endeavour to safeguard the norms governing international relations and uphold international justice.

He also appreciated the contribution made by the United Nations and Pakistan towards a political settlement of the Afghan question.

"We hope that the Soviet Union will withdraw all its troops from Afghanistan within the time limit set by the accord, so that the independent, sovereign, neutral, and nonaligned status of Afghanistan can be restored soon and the Afghan refugees will be able to return to their homeland as early as possible and enjoy a peaceful life again," the spokesman concluded.

#### More on Ministry Reaction

*HK150320 Hong Kong AFP in English 0302 GMT  
15 Apr 88*

[Text] Beijing, April 15 (AFP)—China on Friday welcomed an agreement signed in Geneva for a Soviet troop withdrawal from Afghanistan, calling it a "positive development" and a "major victory for the Afghan people."

"The signing of the Geneva accord is a positive development to which we express our welcome," a Foreign Ministry spokesman said by telephone.

"It is a major victory for the Afghan people in their sustained heroic struggle against the foreign invasion," he said.

"We hope that the Soviet Union will withdraw all its troops from Afghanistan within the time limit set by the accord," he added.

Under the agreement—signed by Pakistan and Afghanistan with Moscow and Washington as guarantors—the Soviet Union is to pull half of its estimated 115,000 troops in Afghanistan out by August 15.

The rest are to go within the following six months. The withdrawal is to start May 15.

China has an isolated 50-kilometer (30-mile) border with Afghanistan and has been supplying weapons to the Afghan resistance.

It had made Soviet withdrawal from Afghanistan one of three conditions for normalized relations with Moscow. The other conditions are an end to Soviet support for the Vietnamese occupation of Cambodia and a reduction of Soviet forces along China's northern borders.

#### XINHUA on Accord

OW141750 Beijing XINHUA in English 1739 GMT  
14 Apr 88

[*"Commentary on Geneva Agreement Concerning Soviet Withdrawal From Afghanistan by Ma Guang, Zhang Zhinian—XINHUA Headline"*]

[Text] Beijing, April 15 (XINHUA)—An agreement on the political settlement of the Afghanistan problem was formally signed in Geneva Thursday by parties concerned under the supervision of U.N. Secretary General Perez de Cuellar, presenting a new formula for solving world conflicts.

Under the agreement, the Soviet Union will withdraw all its estimated 115,000 troops from Afghanistan within a nine-month period starting from May 15 and this will mean the end of the eight-year military occupation of a superpower over a small nation.

The signing of the agreement indicates that military force can never succeed in conquering a nation in the world today and that many conflicts can be solved by political means so long as the parties concerned realistically assess the situation and have the intention for peaceful settlement.

Perez de Cuellar described the Geneva accord on the Afghan issue as "the first step" toward peace in Afghanistan. If implemented, the accord will contribute to the final elimination of the hot spot of conflict in the region and exert a positive impact on the relaxation of international tension.

But the root cause of the Afghan issue lies in the Soviet military invasion of Afghanistan in December 1979 which has so far cost more than 20 billion U.S. dollars and claimed the lives of tens or thousands of Soviet soldiers. Nevertheless, the Soviets and the Kabul regime have never obtained effective control on the entire territory of Afghanistan during the eight-year war which inflicts tremendous losses on the country.

More than 1 million people have been killed in the war and 5 million others have taken refuge abroad. However, the Afghan people have persisted in their struggle against the Soviet aggressors. The signing of the agreement is of course a victory of the Afghan people in fighting against foreign aggression.

As a neighbor of Afghanistan, Pakistan has been shoudering the burden of hosting 3 million Afghan refugees. Pakistan President Ziaul Haq first proposed the U.N.-Sponsored indirect talks between Pakistan and the Kabul regime in an effort to seek a political settlement to the Afghanistan problem.

Although Pakistan made some compromise for the success of the talks in the last six years, it has all along insisted that the Soviet Union withdraw all its troops from Afghanistan.

At the beginning of the last round of talks on March 2, Pakistan proposed to set up an interim government composed of representatives of the resistance forces, the refugees and the Kabul regime so as to guarantee the safe return of refugees to their homeland and to avoid further bloodshed.

But the proposal was rejected by the Kabul regime on the grounds that the problem should be solved by the Afghans themselves. After the Soviet Union made a commitment to withdrawing its troops from Afghanistan, Pakistan gave up the pre-condition of forming the interim government for signing the agreement, although it demanded a principled understanding among the parties concerned over the formation of an interim government acceptable to all political forces in Afghanistan. This compromise paved the way for the final Geneva agreement.

The Afghanistan issue reflects the confrontation between the two superpowers of the Soviet Union and the United States and the Geneva agreement is also the result of a compromise between the two. The two sides achieved initial understanding on the Afghanistan issue in December last year during a summit meeting when Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan signed the Intermediate-Range Nuclear Forces Treaty. The Soviet pullout from Afghanistan will help improve Soviet relations with the United States and create a favorable climate for their forthcoming 4th summit which will discuss reduction in strategic arms.

The signing of the Geneva agreement is also a sign of the Soviet readjustment of its foreign policy to promote "new thinking." Gorbachev, who considered the Afghanistan issue a "bleeding wound," also expressed his desire to get the Soviet troops out of Afghanistan.

But two major problems remain unsolved in the Geneva agreement.

First, an interim government composed of different political parties has not been formed. The Afghan resistance forces are not a signatory of the agreement. In its statement on April 12, the seven-party Islamic alliance of Afghan mujahideen said they would not be bound by the agreement and would go on fighting until the overthrow of the Kabul regime. Therefore, the Afghan war may continue.

Second, the Soviet Union and the United States did not make a clear-cut commitment to symmetrical cutoffs of military aid to the Kabul government and the resistance forces. The two superpowers may continue providing weapons to the opposing sides in Afghanistan, thus prolonging the civil war there.

The international community hopes that the parties concerned will earnestly carry out the Geneva agreement, make further consultations over the remaining problems, help restore the independent, neutral and non-aligned status of Afghanistan and contribute to peace and development of the country.

**XINHUA 'News Analysis'**  
*OW151250 Beijing XINHUA in English 0920 GMT  
15 Apr 88*

[**"News Analysis: Afghanistan Possible To Re-emerge as an Independent Nation (by Li Jiasheng and Tang Shifu)—XINHUA Headline]**

[Text] Islamabad, April 15 (XINHUA)—The signing of a peace agreement on the political settlement of the Afghan crisis in Geneva yesterday has made it possible for Afghanistan to re-emerge as an independent nation free of Soviet occupation.

The peace agreement calls for the complete withdrawal of the Soviet occupation troops from Afghanistan, voluntary return of Afghan refugees under safeguards, and restoration of Afghanistan as an independent and non-aligned nation.

The Soviet Union, which invaded the small Muslim country in December 1979, has agreed that an estimated 115,000 troops will be completely withdrawn within nine months from May 15, with half of the Soviet contingent to pull out in the first three months.

The Soviet decision to withdraw its troops is deemed by analysts here as a result of the protracted resistance of the Afghan people against foreign occupation, Pakistan's stand on the Afghanistan conflict and pressure exerted by the international community.

From the very first day that Soviet tanks rumbled into Afghanistan, the Afghan people took up arms, and even sticks to begin their stiff resistance to the Soviet occupation troops.

Despite a more intensive and sophisticated Soviet effort on all fronts—military, political and diplomatic—the Afghan resistance forces have maintained courage and ability to hold their own in the face of aggression. They have sacrificed more than one million lives in defending their homeland in the past eight years and more.

The Soviet Union, which attempted to control all of Afghanistan within a few weeks time, has spared no effort in launching military operations to crush the

resistance. However, it has failed to achieve that objective. On the contrary, Soviet troops have been stuck in a prolonged and hopeless war.

During the past eight years-plus, the Soviet Union has sustained casualties of about 30,000 soldiers and spent more than 10 billion U.S. dollars on the war. Many of its citizens have criticized the government's Afghanistan policy and called on the authorities to immediately end the war.

Pakistan, as a neighbor of Afghanistan had all along adhered to a stand that the prerequisite for a political solution to the Afghanistan issue should be the immediate, unconditional and total withdrawal of the Soviet troops.

During the indirect talks that started in June 1982, Islamabad stuck to the four principles of the United Nations' resolution, namely, Soviet troop withdrawal; restoration of Afghanistan's sovereignty, independence and non-aligned status; safe return of refugees and respect for the Afghan people's right to determine their own political and economic system.

Pakistan not only has to bear the economic burden of sheltering more than 3 million Afghan refugees but also has faced tremendous pressure from the threat of sabotage from the Kabul regime and its Moscow supporters.

With the assistance of Moscow, the Kabul regime during the past few years has conducted repeated air attacks and cross-border shelling on Pakistan territory and sent many terrorists to Pakistan for sabotage, causing heavy casualties among Pakistanis and Afghan refugees.

However, Pakistan has withstood the pressure of the Kabul regime and the Soviet Union, and not shrunk from its stand on the Afghanistan problem.

The Geneva peace agreement will secure the withdrawal of the Soviet troops—an essential condition for Afghanistan to regain its status as an independent state. But, since the agreement only covers the external aspects of the Afghanistan issue and does not guarantee an end to the fighting in Afghanistan, it may take some time before peace is restored to the country.

Diplomatic sources here maintain that a civil war will break out between the Kabul regime's troops and Afghan resistance forces once the Soviet troops leave. To avoid more bloodshed, these diplomats say, it is necessary to set up a broad-based interim government in Afghanistan.

**Beirut French Hostages' Release Said Imminent**  
*OW142026 Beijing XINHUA in English 2011 GMT  
14 Apr 88*

[Text] Beirut, April 14 (XINHUA)—Two French hostages will be released in 24 hours, well-informed sources said here today.

According to the sources, this was disclosed by an unidentified spokesman of the Islamic Jihad organization. However, the names of the two hostages were not disclosed.

The sources said that Syria asked for the release of the hostages and warned that severe military measures will be taken in the southern suburb of Beirut, where all the hostages are detained.

A high-ranking Syrian military delegation today came to Beirut to supervise the military measures to be taken there, the sources added.

Syria intends to release all the hostages in Lebanon before the end of this month, according to the sources.

Earlier, the spiritual leader of Hizbullah Muhammad Husayn Fadlallah said that the French hostages detained by the Islamic Jihad organization could be released before or during the French elections due to be held on April 24 and May 8.

**Wu Xueqian Meets Lebanese Liberal Party Leader**  
*OW141256 Beijing XINHUA in English 1215 GMT  
14 Apr 88*

[Text] Beijing, April 14 (XINHUA)—Vice-Premier Wu Xueqian met with Danny Chamoun, president of the National Liberal Party of Lebanon, and his party in Zhongnanhai here this morning.

At the meeting, President Chamoun briefed Wu on the Middle East situation.

Wu said the Chinese Government has paid close attention to the turbulent and unstable conditions in the Lebanon situation.

He stressed that China has always held that relations between countries should be developed on the principle of peaceful coexistence, thus Lebanon's independence, sovereignty and territorial integrity should be respected. China is willing to further its friendship and cooperative relations with Lebanon, he added.

Wu Xueqian also reiterated the Chinese Government's consistent stand of finding an all-round and fair solution to the Middle East question.

The Lebanese guests have come at the invitation of the Chinese People's Institute of Foreign Affairs.

**West Europe**

**Meeting on Macao Ends in Lisbon 14 April**  
*OW150914 Beijing XINHUA in English 0840 GMT  
15 Apr 88*

[Text] Lisbon, April 15 (XINHUA)—The Sino-Portuguese liaison group yesterday ended its first meeting to implement a bilateral accord on the issue of Macao signed last April, according to a communique issued here today.

The communique said that the four-day meeting saw both sides reach an agreement on details of the group's work and exchange views on some major issues related to the 12-year transition period before China regains control of the Portuguese colony in 1999.

A second meeting is scheduled for late September in Beijing.

The liaison group was established in January following the ratification of the joint Chinese-Portuguese declaration on Macao's sovereignty. Under the agreement, China will resume the exercise of sovereignty over Macao, an island adjacent to Hong Kong, on December 20, 1999.

**Science Cooperation Memo Signed With Austria**  
*OW141100 Beijing XINHUA in English 0724 GMT  
14 Apr 88*

[Text] Vienna, April 13 (XINHUA)—A memorandum of understanding was signed here today by Chinese and Austrian scientific research representatives to promote scientific cooperation between the two countries. The agreement is valid for three years.

China's director of the State Fund for Natural Science Tang Aoqing, Austria's chairman of the Fund for Promoting Scientific Research Kurt Komarek and chairman of the Austrian Fund for Industrial and Economic Research of Austria Rupert Hatschek agreed to expand scientific cooperation in basic and applied research.

**Qiao Shi Meets Danish Communist Party Delegation**  
*OW140454 Beijing XINHUA in English 1452 GMT  
13 Apr 88*

[Text] Beijing, April 13 (XINHUA)—Qiao Shi, member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met a delegation from the Danish Communist Party (DCP) led by Chairman Ole Sohn here today.

On relations between the CPC and the DCP, Qiao said, "Both sides should look ahead and let bygones be bygones."

"We don't think we have been right all along, and we believe you will think likewise," he added.

He stressed that the CPC is willing to expand relations with other communist or working-class parties in accordance with the principles of independence, complete equality, mutual respect and noninterference in each other's internal affairs.

Ole Sohn said the DCP and the CPC share identical views on many issues, for instance, on peace. Different opinions on certain specific matters will not affect the expansion of relations between the two parties, he said.

Qiao said all countries and communist parties, no matter large or small, should be equal. Differences on specific matters should be solved through calm discussions.

He said he hoped that the current visit of the delegation will mark the [word indistinct] of the development of the two parties' relations.

Earlier today, Zhu Shanqing, deputy head of the International Liaison Department of the CPC Central Committee, held talks with the delegation.

**FRG Minister Criticizes USSR Arms Expansion**  
*OW130247 Beijing XINHUA in English 0811 GMT*  
*12 Apr 88*

[Text] Bonn, April 11 (XINHUA)—Federal German Defense Minister Manfred Woerner today criticised the Soviet Union of arms expansion while it indulges in talking about disarmament.

At the forum on "federal army and society" held in Hamburg, Woerner asked the Soviet Union to give up its arms expansion policy and "act on what it has promised."

The Soviet Union is building new sea-borne missiles, bombers, and fighters, and developing two types of inter-continental nuclear missiles and new submarines, he said.

At the forum, Woerner reiterated that the overall strategy proposed by the federal government aims to re-examine the NATO's nuclear force. This does not mean "recouping what has been lost by the reduction of medium range missiles", or "evading the agreement on INF" (intermediate nuclear forces), he added.

The forum, sponsored by the Federal German newspaper DIE WELT AM SONNTAG, will be held every year for the federal army officers, political and economic circles and journalists.

**NATO To Hold Military Exercise in Belgium**  
*OW132136 Beijing XINHUA in English 1644 GMT*  
*13 Apr 88*

[Text] Brussels, April 13 (XINHUA)—The annual exercise of the artillery and air corps set up to support the Allied Mobile Force (AMF) will take place in Belgium from April 18 to May 6, mainly on the Elsenborn Exercise Ground near Maredy, the Belgian Defence Ministry confirmed here today.

The exercise, codenamed ardent ground, will bring soldiers and weapons from 8 NATO countries. Planes of the Allied Mobile Force will also take part in the exercise, which is held annually in a NATO country.

The AMF was set up in 1960 and is an extremely mobile multi-national force, which has conventional weapons and is made up of ground and air forces. Its function is one of swift intervention on NATO's southern and north flank. It is commanded at present by Italian General Angioni.

**Jiang Zemin Attends Performance by British Ballet**  
*OW142346 Shanghai City Service in Mandarin 2300 GMT*  
*12 Apr 88*

[Excerpts] Shanghai ballet lovers attended the premiere of the British Saddler Wells Royal Ballet Troupe at the municipal government auditorium last night. [passage omitted]

This is the first visit to China by the British troupe. The troupe had staged seven performances in Beijing and Tianjin before coming to Shanghai. Municipal leaders Jiang Zemin, Zeng Qinghong, and Liu Zhenyuan attended the performance.

**East Europe**

**BAN YUE TAN on Present-Day Albania**  
*HK130413 Beijing BAN YUE TAN in Chinese No. 6,*  
*25 Mar 88 pp 58-59*

[Article by contributing reporter Wang Hongqi [3769 3163 0796]: "Albania Today"]

[Text] Special dispatch from Tirana—Albania, a Balkan country people were quite familiar with in the 1960's and 1970's, has been seldom heard of in the past few years. What is the actual situation in Albania? In the past 3 years since Alia became first secretary of the Central Committee of the Albanian Party of Labor, Albania has been changing carefully and slowly with the development of the international situation.

Tirana, the capital of Albania, has no high-rise buildings or streets and supermarkets decorated with neon lights, to say nothing of expressways and underground railways.

However, Tirana has beautiful scenery. Despite the arrival of winter, the city is still green with trees and grass that do credit to its tranquility and simplicity. The city, as the country's political center, has also shown signs of change. "Progress is being made in our era and the situation is developing. Not all past decisions are unchangeable." This unusual voice of the Ninth National Congress of the Albanian Party of Labor is spread from here to all corners of the small mountain state.

In the past year or more, Albania has been implementing the guideline of the Ninth National Congress, regarding economic work as the center and improvement of the people's living standard as the target, readjusting some past policies and principles, and adopting some more flexible measures. Although no remarkable results have yet been obtained, improvement in the people's food, clothing, and housing conditions has been made. In November 1986, while reaffirming the need of "resolutely taking the road of Hoxha," the Ninth National Congress of the Albanian Party of Labor put forward that it is "necessary to implement creatively the instructions of Hoxha" and defined the party's central task as solving the most difficult problem, the economic problem. Concrete ways to achieve this goal is to readjust the economic structure and change the past policy of attaching importance to heavy industry while neglecting light industry; to increase investment in light industry, food industry, agriculture, and animal husbandry to improve market supply, as manifested in the recently formulated 1986-1990 national program for food development; to cancel the plan for upgrading the agricultural advanced cooperatives to state farms, to change the practice of breeding stock and growing vegetables only collectively by agricultural cooperatives, and to develop "small herds of cattle and sheep" and "small vegetable plots" with production teams as basic units in order to solve the problems of nonstaple food supply for cooperative members; and to encourage the use of economic means to manage enterprises, as manifested in the promulgated standard for assessing state-run enterprises that integrates comprehensive indexes, technical and economic indexes, and indexes of social benefits.

Albania already solved, on the whole, the problem of food and clothing for its residents in 1976. However, when Albania began collective stock breeding in the

early 1980's, cooperative members "did not understand" why such practice should have been adopted. They killed their livestock in large quantities, causing a drastic drop in the number of cows and sheep on hand and short supply of milk and meat. At present, the per capita annual consumption of milk is 124 kilograms; eggs, 104; fish, less than 4 kilograms; and vegetables, less than 80 kilograms. The consumption of meat for each household is 1 kilogram per week. According to the recently formulated national program for food development, in 1990, the per capita consumption of grain is 220 kilograms; fresh milk, 202 kilograms; eggs, 140; and fish, 4 kilograms. The consumption of meat is 40 percent over 1986. Alia said that this target is still relatively low as compared with other countries, but it is realistic in Albania.

In the past 2 years, the Albanian Government has made one decision after another on wages and awards, material incentives, subsidies for various posts, subsidies for service years. To stimulate the enthusiasm for production of agricultural collectives and laborers, Albania has raised the purchase prices of agricultural and livestock products and has allowed the sales of surplus products at floating prices by collectives and individuals.

Measures mentioned above are to a certain extent useful in promoting production, but they have not touched the rigid and over-centralized existing economic system. The Albanian Party of Labor holds that the private economy and individual economy are "incompatible" with socialism, that the socialist economy can only be the planned economy, and that the commodity economy and market regulation are of a "capitalist" nature. Albania still refuses foreign capital and foreign aid. At present, Albania's production grows slowly and its economic situation remains grim.

Regarding relations with foreign countries, Alia stressed that "Albania does not wish to be separated from the outside world and exist in an isolated manner." "It wants peaceful coexistence with countries of different social systems, expand international intercourses, and more frequently take part in international activities it finds interesting." "It wants to ensure a peaceful environment for domestic socialist construction." In the past few years, the Sino-Albanian relations, which were treated coldly for more than 10 years, have improved to a certain extent and bilateral trade tends to increase.

**Presidential Decree Promulgates Enterprise Law**  
*OW151534 Beijing XINHUA Domestic Service  
in Chinese 0006 GMT 15 Apr 88*

[Text] Beijing, 15 Apr (XINHUA)—Decree of the President of the People's Republic of China

No 3

"The Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People" was adopted by the First Session of the Seventh NPC on 13 April 1988. The law is hereby promulgated and shall come into effect on 1 August 1988.

[Signed] Yang Shangkun, president of the People's Republic of China

[Dated] 13 April 1988

**Presidential Decree on Foreign Venture Law**  
*OW151452 Beijing XINHUA Domestic Service  
in Chinese 0004 GMT 15 Apr 88*

[Text] Beijing, 15 Apr (XINHUA)—Decree of the President of the People's Republic of China

No 4

"The Sino-Foreign Contractual Joint Venture Law of the People's Republic of China" was adopted by the First Session of the Seventh NPC on 13 April 1988. The law is hereby promulgated and comes into effect from the day it is promulgated.

[Signed] Yang Shangkun, President of the People's Republic of China

[Dated] 13 April 1988

**CHINA DAILY Commentator Reviews NPC Session**  
*HK150903 Beijing CHINA DAILY in English  
14 Apr 88 p 4*

[By CHINA DAILY commentator]

[Text] There had been few slogans but more substantive discussions by the time the curtain came down yesterday on the 1988 National People's Congress session.

For about three weeks, representatives of all sections of society held lively debates, elected the new State leadership, including a younger cabinet in particular, and passed bills to endorse private enterprises, land transfers and factory managers' powers. All this had one basic theme—find practical solutions to the problems facing the nation's current reforms and development.

Of what was accomplished by the NPC, two things are especially noteworthy: agreement on using more market forces and that on opening up the entire coastal area to the world. These are elaborated on by Premier Li Peng in his report that has been approved by the congress.

Before coming to Beijing, the NPC deputies had seen shortages of one commodity or another, such as food-stuffs in urban groceries and fertilizers in rural farm supply centres. These inadequacies had brought on price rises. Putting their heads together, the deputies chose to expand the market rather than restore the old centralized allocation system or price freezes that had failed and been abandoned in the economic reforms. The deputies believe, quite correctly, that only by adjusting production, commercial and wage policies according to market changes can the government let supply meet demand, stabilize over-all price levels and promote the people's livelihood eventually.

This belief shows a basic improvement in that, whenever problems arise, it will no longer be a question whether to reform or not to reform. It will, instead, be how to get the reform done better.

As for the strategy related to coastal development, the deputies agreed that China's industry, most of which is near the coastline, should build up more ties with the world. Although some may still be worried about the growing gap in terms of prosperity between costal provinces and the hinterland, they know now that the prosperity of the former can also aid the latter when co-ordinated at the central level, and many localities have already taken action to draw up plans for their own efforts in this programme.

The aftermath of this NPC also includes a number of problems. They are hard to solve at the moment, though the deputies did make a greater impact on the central authorities as to how to tackle them. One important matter is education and intellectuals' working and living conditions; the other is how to have a clean and frugal government.

One cannot expect all educational institutions and intellectuals to try to surmount money shortages by going into business or moonlighting. At the same time, it is unrealistic to ask the government, with an already limited financial capacity, to earmark enough funds for schools and scholars.

Officials corruption and extravagance has been spreading despite laws and regulations in recent years. There has always been agreement in theory between the central authorities and grass-root representatives on the vital necessity of taking on the problem, but it is high time for the government to work out firm measures and possibly various kinds of political reform experiments to bring this under effective control.

Actually more working details are needed for coping with either issues about which common ground exists or those to which solutions have still to be outlined. This may lead to a series of new reforms this year. It is devoutly to be hoped that the NPC Standing Committee and the newly formed administration will fulfill this mission and have more progress to report to the people's deputies next year.

**Hong Kong Paper Views Closing of NPC**  
*HK140325 Hong Kong SOUTH CHINA MORNING POST in English 14 Apr 88 p 7*

[By China Editor David Chen: "A Milestone for China as NPC Closes"]

[Text] The three-week-long Seventh National People's Congress, regarded by many as a milestone in the history of the People's Republic, closed in Beijing yesterday amid a relaxed atmosphere.

Almost all the 2,900 delegates were there, including the paramount leader, Mr Deng Xiaoping, who was absent on Saturday and Tuesday. A sea of hands were raised in approval of the much amended work report on Government policies by the Prime Minister, Mr Li Peng, but three voted against it and six abstained—in an unprecedented move.

But by then, the leaders, delegates and the audience had been used to the criticisms and dissents as reflected in the weeks of publicised debates and negative votes during the electoral processes.

The most significant event yesterday, however, was the passing of the controversial enterprise law to allow managers and administrators of businesses greater liberty. It would also free them from interference by party cadres in their organisation.

The relaxed atmosphere was also reflected in the two speeches (some would describe them as "acceptance speeches") by the state's new president and the NPC's new chairman.

President Yang Shangkun, who is also a powerful military figure, has shed his army tunic and donned a smart business suit. In an emotional display of unity, he hugged his predecessor, Mr Li Xiannian, beneath huge red banners adorning the hall. Mr Li has since assumed the post of chairman of the National Committee of the Chinese People's Political Consultative Conference.

The newly-elected chairman of the NPC, Mr Wan Li, in his "acceptance" speech, described the many sessions of the NPC as having been "conducted in an expression of democracy, openness and a spirit of seeking truth from facts".

Mr Wan handed a bouquet to the Sixth NPC and its Standing Committee, which was headed by 86-year-old Mr Peng Zhen, who retires from politics.

He praised the outgoing NPC for its excellent work in perfecting the socialist legal system and improving the congress system.

He pledged that he and his colleagues in the present NPC would continue their tasks in accordance with the Constitution and the laws.

The new NPC will expand "democracy and the legal system" and advance other work to concentrate on the two main themes of reform: Development of a socialist commodity economy and the building of socialist democracy.

General Yang made a stirring call on the people to rouse themselves to catch up with the developed countries—by advancing economic, scientific, technological, cultural, educational and other undertakings "so as to do away with poverty and backwardness".

"To do so will require the efforts of several generations and first of all, our generation.

"We must do our utmost to make the country prosperous by opening up a new path never trodden by our predecessors," he urged.

General Yang called on all party cadres and other staff members of the Government "to perform their duties honestly, speak the truth, be conscientious in their work, maintain close ties with the masses and put an end to bureaucracy and corruption of all kinds".

The President pledged to do his best and be worthy of the trust of the party and the Chinese people.

Both General Yang and Mr Wan received thunderous applause. However, when it came to approving the Government Work Report by the Prime Minister, the show of dissent again surfaced. Two of the three delegates who stood up to criticise the Government's report also urged officials to obey the law.

Hong Kong lawyer, Miss Liu Yiu-chu, noted the work report's condemnation of "decadent ideas of capitalism".

"As we all know, capitalism is to be allowed in Hong Kong after 1997. How do I explain (such criticism) when I return?" she said.

Another delegate said: "A number of recommendations were made on the work report in our discussion groups.

"If recommendations are not adopted, this could be very harmful," she said.

The NEW CHINA NEWS AGENCY said more than 100 changes were made in the final version of the report, with more emphasis on education and China's minority nationalities.

The revised report encourages employees of universities and institutes to provide paid social services, a controversial issue that has sparked protests during the congress by students and teachers who say education is poorly funded. It also stresses the importance of protecting the rights of China's minorities.

One delegate criticised the Government for bulldozing a crucial company law, saying he had only seen changes to the law that morning. His appeal for more time to consider the changes was ignored.

The law will make it possible for inefficient state companies to be made bankrupt. It was passed with two votes against and 11 abstentions.

There were 79 abstentions and 14 votes against the 11 motions recorded during the parliamentary session.

**NPC Session Makes Advances Toward Democracy**  
*HK150603 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1056 GMT 14 Apr 88*

[Roundup by reporter Guo Zhaojin (6753 2156 6855): "First Session of the Seventh NPC Took Another Major Step Forward in the Process of Democratization"]

[Text] Beijing, 14 Apr (ZHONGGUO XINWEN SHE)—The First Session of the Seventh NPC, which just ended, took a major step forward in the process of democratization, although there were still some unsatisfactory phenomena in the practice of democratic politics at this NPC session.

First, the deputies to the NPC were fully able to represent the wishes and opinions of the people. The political quality of the people's deputies to this NPC is much higher than before, and they have a greater ability to handle state affairs. At previous NPC sessions, it was always reported that deputies kept talking about the good situation and the "good news from Beijing" in individual interviews with the press and in the group discussion meeting. Things were different this year. From the beginning of the NPC session, the deputies sharply pointed out and discussed the prominent problems of price rises, irregular practices, agricultural production, intellectuals, and education. Every problem that people were concerned about was discussed at the NPC session. Slang, grievances, and even cynical remarks from ordinary people could be heard at the group discussion meetings. The deputies have fully performed the duty of representing the opinions of the people.

Second, the deputies dared to criticize the government and openly air their different opinions. At the plenary meeting for voting on the namelists for various special committees of the NPC, Taiwan deputy Huang Shunxing gave an impromptu speech to air his opposition. He set a precedent, and at other meetings, more deputies spoke out to air different opinions. This was rarely seen in the past. At the group discussion meetings, the frankness and sharp wording of the deputies' speeches even "startled" foreign reporters. The State Council's original plan to set up a "Ministry of Transportation" was changed due to the opposition of the deputies.

Third, election methods were improved. For the first time, the NPC session elected the NPC Standing Committee members through "differential elections," with a larger number of candidates than number of people who could be elected. This was a major step forward. For important elections and the adoption of important decisions the method of voting by a show of hands was not used; instead the method of voting by secret ballot was adopted. This was also a step forward. In addition, the congress accepted the opinion of some deputies and set up some "secret ballot booths" so that deputies could have privacy when they voted, in an environment without any psychological obstacles.

Fourth, the congress was much more open to the press. Some group discussion meetings were also open to foreign reporters. This was unprecedented. Many critical opinions aired by the deputies were openly reported by the mass media on the mainland. In Beijing people said that "the deputies dared to say everything, and the reporters dared to report everything." The openness of the press was also unprecedented. A newspaper even set up a telephone hot line to solicit ordinary peoples' opinions and expectations about the People's Congress and published these telephone talks verbatim in the newspaper. The echoing of opinions inside and outside the congress and the spread of such opinions by the mass media formed a strong current of political democratization in the ancient land of China, and this will have far-reaching effects.

The public had placed high hopes on the congress, so it seemed that there were still many unsatisfactory things about the NPC session. This was mainly reflected in the fact that whenever the session took a vote on major decisions and state leaders, visitors to the meeting, including foreign diplomats and Chinese and foreign reporters, were asked to withdraw from the meeting hall so that they could not witness the voting results. Many people criticized this practice, saying that the congress was not keeping its promise to "make all major affairs known to the people." Answering reporters' questions after the congress ended, Premier Li Peng explained that each country has its own concrete conditions, and the process of political democratization must be in line with the bearing capacity of all parties concerned. So we can only make advances step by step.

Was the step toward political democratization taken by the NPC session big enough? People are free to make their own comments on this, but one point is undeniable: The NPC session indeed took a significant step forward.

in Minority Languages

OW150048 Beijing XINHUA Domestic Service  
in Chinese 0809 GMT 14 Apr 88

[Text] Beijing, 14 Apr (XINHUA) — The Minzu Publishing House will publish and release in five minority languages — Mongolian, Tibetan, Uygur, Kazakh, and Korean -- documents of the recently concluded NPC and national CPPCC sessions, including "Government Work Report," "Anthology of Documents of the First Session of the Seventh NPC of the PRC," "Documents of the First Session of the Seventh National CPPCC Committee," and "Constitution of PRC." The Mongolian edition will be published by the Minzu Publishing House; the Tibetan, Uygur, Kazakh, and Korean editions will be published by the Qinghai, Xinjiang, and Yanbian People's Publishing Houses respectively. These books will be available to the minorities by the end of April.

**Yang Shangkun Speech on Reunification Discussed**  
HK151507 Hong Kong ZHONGGUO TONGXUN SHE  
in Chinese 1401 GMT 15 Apr 88

[Article by He Sheng (0149 3932): "Yang Shangkun Elaborates on Principle Regarding Taiwan"]

[Text] [no place name as received], 15 Apr (ZHONGGUO TONGXUN SHE)—In his speech at the closing ceremony of the First Session of the Seventh NPC, China's new State President, Yang Shangkun, discussed the problem of putting an end to the division between the two sides of the Strait and bringing about the reunification of the country.

He said: "With regard to Taiwan, we are firm and unequivocal in implementing the principle of 'peaceful reunification and one country, two systems' and we will not change it. We sincerely hope that the leaders of Taiwan will recognize the historical trend, feel the urgent need for reunification, and make sensible decisions as soon as possible. We also sincerely hope that Taiwan, Hong Kong, and Macao compatriots and Overseas Chinese will join us in making unremitting efforts to bring about the peaceful reunification of our motherland."

In his first policy speech since he became State President, Yang Shangkun has elaborated on the principle of "peaceful reunification and one country, two systems" in firm and unambiguous terms. This has great significance. What merits our special attention is that in his speech, on the one hand, he asked Taiwan leaders to make decisions as soon as possible and, on the other, he also called on Taiwan, Hong Kong, and Macao compatriots and Overseas Chinese to jointly contribute to the "peaceful reunification" of the motherland.

Yang Shangkun has put together the slogans "peaceful reunification" and "one country, two systems," regarding them as the principle by which the CPC is trying to solve the Taiwan issue, and he lets "peaceful reunification" precede "one country, two systems," thus giving people the good impression that he stresses the settlement of the reunification issue by peaceful means.

Yang Shangkun also unambiguously indicated that this principle of the CPC is "firm, unequivocal, and will not change." This should be considered a reaction to the peaceful atmosphere in the Strait resulting from Taiwan's recent decision to lift the ban on mainland family visits by Taiwan compatriots.

The reunification of the country is the common aspiration of all Chinese at home and abroad. Everyone hopes that the people on both sides of the Strait will eventually be able to bring about the peaceful reunification of the country through increased contacts and exchanges and better understanding and cooperation between them.

**Yang Shangkun Speaks to PLA on Army-Building**  
HK140205 Beijing RENMIN RIBAO in Chinese  
13 Apr 88 p 1

[Report by Gao Xinqing (7559 2450 1987) and Gao Chao (75583390): Yang Shangkun Urges the Armed Forces To Implement the Guidelines of the NPC Session and To Strengthen Army-Building"]

[Text] Beijing 12 March—State President and Vice Chairman of the Central Military Commission Yang Shangkun came to the living quarters of the PLA delegation to the First Session of the Seventh NPC, and made a very important speech on how to relay and to implement the spirit of the current session and how to strengthen army building. The speech was delivered at the meeting attended by responsible persons of various groups and leading comrades of major units.

Yang Shangkun said, the current session had been going fine; it was a session of opening up, democracy and solidarity. This session would be of great significance to the building of the nation and the army from now on. During the session, the deputies had earnestly listened to and deliberated Li Peng's "Government Work Report" and other relevant documents, solemnly exercised their own democratic rights, and expressed their heartfelt support for the personnel arrangement of the new session of state leading organs. All deputies had personally experienced the progress made in democratic life through participation in the session.

Yang Shangkun said the deputies had made many good suggestions regarding our national construction as well as army building. These suggestions were actually what the Central Military Commission had in mind currently. Army building should be subject to the general situation of national construction. Army construction was a systematic project, which involved ample demonstration,

and should be grasped item by item. It was necessary to bring forward the spirit of hard work and bitter struggle, and to do a good job in all items of work in the army.

Central Military Commission members participating in today's meeting included Hong Xuezhi, Liu Huqing, Chi Haotian, Yang Baibing, and Zhao Nanqi. PLA delegation deputy leader Hong Xuezhi presided over the meeting.

Yang Baibing, secretary-general of the delegation spoke on how the whole army should relay and study the spirit of the current session. He said, the contents of the current session were rich; it was necessary to place the focus on relaying and studying the "Government Work Report" and deepening the understanding of the personnel arrangement of the new state leadership organs. Regarding the demands of cadres and soldiers, it was necessary to differentiate various conditions and to guide them to unify their ideological understanding on the strength of the spirit of the session, and to avoid general discussions and expression of where one stands.

**New People's Court President To Use 'Openness'**  
*HK140657 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0629 GMT 13 Apr 88*

[Report by ZHONGGUO XINWEN SHE reporter Wei Xiang (0251 5046): "An Interview With Ren Jianxin, New President of the Supreme People's Court"]

[Text] Beijing, 13 Apr (ZHONGGUO XINWEN SHE)—He wears a pair of broad-rimmed spectacles, and although he is 62, he is still slender. He speaks in a well-organized, scholarly manner. He is Ren Jianxin, the new president of the Supreme People's Court and the highest ranking justice in the Chinese court of law.

Ren Jianxin is a true scholar. He studied chemical engineering in his early years but has participated in China's legislative work since 1949. In fact, he has engaged in legal work since the founding of New China.

In a spacious office, Ren gave a special interview to this reporter.

He stressed that during his term of office he would strive to improve all judicial systems, especially the public judicial system. He said: It is necessary to place judicial work under the open supervision of the masses of the people and the society.

It has been learned that for various reasons, some law courts in China do not have a tribunal, which has had an enormous effect on open judicial work. The masses are dissatisfied with the failure to hold public hearings on some major cases. This issue also drew the concern of some deputies at the NPC meeting, which has just concluded.

Ren Jianxin disclosed that, as a part of the principle of openness, he plans to establish a new spokesman system for the Supreme People's Court. Earlier, as a result of an unwritten regulation, the law courts did not allow reporters to report on cases on which the law courts had not made final decisions. But press circles generally took exception to this excessively prudent practice. For this reason, Ren explicitly indicated that the law courts would welcome supervision by the media in their future work.

Naturally, people's expectations for this chief justice are by no means limited to increasing the transparency of law court work. They hope that Ren Jianxin will dare to tackle tough problems and enforce the law impartially. When this reporter asked how he would deal with major and important cases, Ren immediately looked solemn and serious. He replied: All people are equal before the law. All people, whoever they are and whatever their relationships, will face only the four characters meaning "Strict execution of the law" when they come before me. Ren Jianxin is the youngest Chinese Supreme People's Court president ever appointed. He is also the first to have been elected president from the position of vice president. He has a good command of English and has studied Chinese and foreign law. However, what is most interesting is that Ren is also a lawyer. "I am a person whose qualifications as a lawyer were approved directly after the reestablishment of the Ministry of Justice." To date, Ren still takes delight in talking about this matter.

"Naturally, I can no longer exercise my functions and powers as a lawyer, but I will fully respect the legitimate status of lawyers in law courts," said Ren Jianxin.

People hope that the new chief justice will be able to accomplish something in the judicial work of the law court according to his principle of openness. Ren said that he would certainly live up to the high expectations and take the four characters meaning "Carry forward the cause and forge ahead into the future" as a command in doing his duty as president of the Supreme People's Court.

**New Procurator General Interviewed**  
*HK131540 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0412 GMT 13 Apr 88*

[Report by reporter Wei Xiang (0251 5046): "An Interview With Liu Fuzhi (0491 1788 0037), New Procurator General of the Supreme People's Procuratorate"]

[Text] Beijing, 13 Apr (ZHONGGUO XINWEN SHE)—When he withdrew from his leather swivel chair as minister of public security, Liu Fuzhi did not expect that he would come to the front of the stage again within 2 short years. Liu Fuzhi was elected procurator-general of the Supreme People's Procuratorate at a meeting of the First Session of the Seventh National People's Congress. This has once again brought the 71-year-old veteran CPC political and judicial cadre into the limelight.

Liu Fuzhi agreed to an interview with this reporter in the living room of his graceful and stylish home.

Liu Fuzhi came from an Overseas Chinese family. He spent his childhood in Malaysia, Indonesia, and Hong Kong. In his early years, he was a follower of Zhu De, and went to Shanxi to take part in united front work; he dealt specifically with Yan Xishan, the Shanxi warlord. Afterwards, he remained close to Liu Bocheng and Deng Xiaoping as their secretary. He had been engaged in security work since 1941.

There had been rumors prior to the First Session of the Seventh NPC of the possibility of Liu Fuzhi being appointed procurator-general. However, Liu did not think of coming forward again because of his advanced age. When the reporter asked him about this, he just smiled in acknowledgement. He said: "I shall have to do my best to work very hard now that the people of the whole nation have entrusted me with such great responsibility."

Liu Fuzhi believes that his qualification for taking up the post of procurator-general was his good knowledge of political and judicial work. He believes his disadvantage could be his advanced age.

Regarding his administrative policy, Liu Fuzhi said that when he takes office in the Supreme People's Procuratorate, he will strengthen its legal supervisory role in a big way, and extend its realm of supervision to protect the people and to crack down on criminal activities.

According to Liu Fuzhi, procuratorial organs should take a direct supervisory role in building just and honest governments from now on, while resolutely fighting against corruption and bribe-taking among civil servants.

Cases of civil servants violating the law and discipline have all along been tough for China's procuratorial officials to handle, because cases in this category invariably involve civil servants and some leading cadres. On this point, Liu Fuzhi stressed that procuratorial organs should be all the more resolute in dealing with such cases according to the law. He pointed out that the most important point was for procuratorial organs to handle affairs based on the law, not on the will of some individual or somebody's feelings. Liu Fuzhi said that China's procuratorial officials should build an image of being very solemn, and respected.

Liu Fuzhi has worked at public security organs for many years, and feels deeply for public security work. Would he be soft when dealing with cases of public security cadres and the police, I asked? Liu Fuzhi laughed and answered: "Of course not, if they should violate the law, they would be punished according to the law." He expressed his belief that officials of the Ministry of Public Security would support him.

It is true that the officials of the Ministry of Public Security are very familiar with their former minister, and have a deep understanding of him. At dawn, many of them do taiji exercises in front of Liu Fuzhi's residence inside the Public Security Ministry compound. Liu Fuzhi said that despite the fact that he is no longer minister of public security, he can still address many people in the ministry by name. Some Ministry of Public Security officials told me privately that Liu Fuzhi was steady and open-minded in his work style, and often showed a good understanding of his subordinates' conditions.

Now this long-time political and judicial worker is to work at the Supreme People's Procuratorate. It is learned that the people there as well as the people all over the nation are pinning their hopes on this newly appointed procurator-general. Without doubt, the responsibility on Liu Fuzhi's shoulders will be very heavy.

**New Justice Minister Discusses Legal Services**  
*OW140530 Beijing XINHUA in English 0226 GMT*  
*14 Apr 88*

[Text] Beijing, April 14 (XINHUA)—China's new minister of justice called today for the establishment of collectively-owned law firms to provide legal services for the country's economic reforms and open policy.

Cai Cheng, who was appointed minister of justice Tuesday, told XINHUA that most lawyers in China would be encouraged to join collectively-owned law firms and only a small number would remain as state employees.

He said that although private lawyers are now allowed to do business on an experimental base, the practice will not be promoted on a nationwide scale in view of China's actual conditions.

He called for different forms of legal services and said that putting all lawyers as state employees makes it difficult for the growth of more qualified professional lawyers.

China now has only 20,000 registered lawyers, but at least 100,000 are needed by the end of the century.

Because the lawyers are all official, Cai said, they are sometimes not fully trusted by private entrepreneurs and foreign investors in China. At the same time, more legal services will be needed in view of the possibly growing disputes in the on-going economic reforms and coastal economic development, he added.

By protecting the interests of both Chinese and foreign clients, Cai said, collectively-owned law firms will help strengthen foreign investors' confidence for long-term cooperation in China.

He said that the Ministry of Justice will just engage in overall administration, and lawyers' operations will be guided by bar associations.

Cai told XINHUA that collectively-owned law firms have been operating in Shenzhen, and they will be gradually expanded to other parts of the country when more experiences are obtained.

**Water Resources Minister Stresses Control**  
*OW140600 Beijing XINHUA in English 0231 GMT  
14 Apr 88*

[Text] Beijing, April 14 (XINHUA)—New Minister of Water Resources Yang Zhenhuai said here today that China will put water-control undertakings under legal protection and further harness major rivers.

In an interview with XINHUA, the minister said drought and flood remain a serious problem in the country although more than 80,000 reservoirs with a total capacity of more than 400 billion cubic meters and 170,000 kilometers of flood-control dams have been built.

He said that his ministry will give priority to clearing seven major waterways including the Yangtze and Yellow Rivers and to reinforcing reservoirs to enhance their anti-flood capacity.

Yang Zhenhuai, 59, a water conservation expert, stressed the need for local governments at all levels to strengthen overall planning and management in constructing water control projects.

The central government will give subsidies to localities which will have to fund their own water control projects, the new minister said.

He said local governments should be encouraged to use foreign loans for the construction of water control projects.

He stressed that effective measures will be taken to enforce the country's water law to make full use of the country's water resources, adding that the existing regulations concerning water charges must be changed to effectively curb wastes.

Yang called attention to water shortage which still affects 50 million people in China's dry areas. He said a water diverting project will be built to bring Yellow River water to the Baiyangdian Lake in Hebei Province to ease water shortage in north China.

**Commerce Ministry To Focus on Checking Prices**  
*HK150908 Beijing CHINA DAILY in English  
14 Apr 88 p 2*

[Text] China's new Minister of Commerce, Hu Ping, vowed yesterday that his ministry will focus on checking wanton price hikes by state commercial units. This will secure the success of the country's price reform, which is an important part of the overall economic reforms in China.

The minister said that some state commercial units have been profiteering from selling commodities allocated by the state at higher market prices.

To prevent the problem, Hu said, his ministry has started to integrate producers with distributors and retailers.

China's state-run commercial units employ more than 15 million people and handle more than 70 per cent of the total commodity sales.

"China's commercial units suffer from poor management and are not sensitive to market information, and storage and transportation facilities are inefficient," the minister said. He added China needs to co-operate with other countries in these fields.

Hu said that his ministry will try to improve market information services for better macro control, perfect different forms of contract systems and strengthen legal and public supervision over commercial activities.

As for price hikes for non-staple food that cause constant complaints, the minister said that solutions lie in the expansion of production, appropriate subsidies, a simplified marketing process and gradual change in people's food consumption pattern.

Last year food prices registered a rise of 10.1 per cent. Non-staple food increased 13.8 per cent, a spokesman from the State Statistics Bureau said.

**Wang Bingqian on Controlling Purchase Power**  
*OW150106 Beijing XINHUA Domestic Service  
in Chinese 0915 GMT 14 Apr 88*

[By reporter Wang Yingchun]

[Text] Beijing, 14 Apr (XINHUA) — At a national work conference on control of the purchasing power of government-funded institutions which ended yesterday, Wang Bingqian, state councillor and concurrently minister of finance, said that controlling such purchase power is a long-term task and should be carried out on a constant basis. In no way should it be stepped up sometimes and relaxed at other times, he added.

Wang Bingqian said: Controlling the purchasing power of government-funded institutions is not only of great economic importance but also of vital political significance. It is not only in the interest of cutting expenditures, raising work efficiency, balancing the budget, and easing the strained situation of market supply, but will also help rectify our party style and the standards of social conduct and ensure the incorruptibility of the government. He continued: The State Council wants the purchase made by government-funded institutions to be reduced by 20 percent this year. All localities must strictly enforce discipline and relevant rules, take a serious attitude toward this matter, resolutely put it into practice, and grasp it in a down-to-earth way.

The conference put forth the following demands: This year great efforts must be made to check up on those units that indulge in extravagance and waste and squander state funds. Units and their responsible persons concerned that have ignored the prohibitions and knowingly violated them to a serious extent must be subjected to severe investigation and punishment to encourage the healthy trend and strictly enforce discipline and the rules. Government-funded institutions must be honest in reporting the purchase they have made. Reports with falsified figures cannot cover up the true facts about their units, but can only cause mistakes in making macroeconomic policy decisions. Those concealing actual purchases and submitting false reports must be dealt with seriously.

The conference pointed out: The work of controlling the purchasing power of government-funded institutions is a heavy task, involving many problems. It cannot be carried out smoothly without the support and close coordination by the governments at various levels. The people's governments at all levels must strengthen their leadership over this work, and all departments concerned, including banks and commercial, supply, vehicle-management, and financial departments must make coordinated efforts to work in concert and pool their strength to contribute to combatting waste and corruption and promoting reform and construction.

**Family Planning Commission Minister Profiled**  
*OW150058 Beijing XINHUA Domestic Service  
in Chinese 1528 GMT 13 Apr 88*

[By reporter Lu Xiaohua]

[Text] Beijing, 13 Apr (XINHUA) — Peng Peiyun, former vice minister of the State Education Commission, has now become the minister in charge of the State Family Planning Commission. From this appointment, some people have perceived the close relationship between propaganda and education and the work of family planning. In the State Council's restructuring program, some ministries and commissions were either abolished or merged, but the State Family Planning Commission remains unaffected.

"To be responsible to the nation and our descendants, we must grasp firmly the work of family planning and make it a real success," said Peng Peiyun. After affirming China's great achievements in family planning, she pointed out that this area still needs serious work. First, our country has a huge population, and what is more, a new birth peak is now before us. Second, changes in economic activities in recent years have resulted in a big growth of the floating population. This, combined with other new developments, such as the implementation of the output-related household contract responsibility system in rural areas, has presented fresh tasks for family planning. She added: The development of family planning work is quite uneven in our country. In some localities, the work has been put on the right track gradually. For example, Liaoning Province has met over 99 percent of its family planning target in the past 3 years due to the attention paid to this work by the party committees and governments at all levels, the targeted control systems implemented at various strata, and a series of education conducted to spread the basic knowledge of family planning. However, there are at least one-third of the localities in our country that are still lagging behind. In these localities, the family planning work has long been in a laissez-faire state.

Asked about the first thing she planned to do after assuming office, Peng Peiyun said that she would carry out in-depth investigations and studies, sum up the experience of advanced areas, and study how to accelerate the improvement of those localities still lagging behind. "The fact that the work has been done well in some localities gives us hope and confidence," she said.

The keys to the success of family planning work are policy and leadership. Peng Peiyun put special emphasis on these two aspects. In addition, she said that since family planning is a task involving people of all walks of life and thousands upon thousands of households, it is imperative to mobilize the whole party and the whole society and rely on the concerted efforts and cooperation of all departments concerned. Moreover, she stressed that positive efforts should be made to spread the knowledge about population and educate all middle school students on this topic.

There are five big maps in Peng Peiyun's office: a map of the PRC, a world map, and three other maps showing the distribution, density, and natural growth of the Chinese population. She said: "I have to study from the very beginning."

A native of Liuyang, Hunan, Peng Peiyun was born in December 1929. In 1945, she took part in the student movement at Southwest Associated University. In 1964, she served as deputy secretary of the party committee of Beijing University. In the "Cultural Revolution," she was "criticized by name" in the "first big-character poster" and, since then, was forced to "stand aside" for 10 years. She assumed the post of vice minister of the

State Education Commission in 1985 and concurrently served as secretary of the party committee of the Chinese University of Science and Technology in 1987.

**State Council Official on Hainan Special Zone**  
*HK150725 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0816 GMT 9 Apr 88*

[Report by Xu Hung [1776 3126]: "Director He Chunlin of State Council's Special Economic Zones Office on Hainan Special Zone"]

[Text] Beijing, 9 Apr (ZHONGGUO XINWEN SHE)—The motion on the establishment of Hainan Province and turning the island into China's biggest special zone will soon be examined and approved at the Seventh NPC session. What is "special" about the Hainan Special Zone? He Chunlin, director of the State Council's Special Economic Zones Office, was interviewed specially on this.

After it is authorized to implement even more open and flexible special policies, the Hainan Special Economic Zone [SEZ] will have comprehensive functions even more extensive than those of export goods processing zones, free trade zones, and some free ports in foreign countries. This is a brief description of the Hainan SEZ made by He Chunlin.

He held that the implementation of even more relaxed policies in Hainan is manifested mainly in more flexible forms of investment, more extensive scope of investment, and greater freedom for import and export of goods and capital and for people's entry and exit of China.

He Chunlin stressed that all common international forms of investment can be used in the Hainan SEZ. For example, in addition to making direct investment in enterprises, Chinese and foreign investors may make investment through buying bonds, stocks, and other valuable securities. They may also make investment through taking over by purchase, taking part in management as shareholders, contracted management, and so on.

Terminable transfer of the right of using land with compensation will be permitted on Hainan Island. The longest transfer period may last 70 years. He Chunlin welcomed investment in land development and investors may obtain the right of exploiting mineral resources and other natural resources. In the past, investment in ports, wharves, airports, highways, railways, power stations, coal mines, and water conservation projects was usually made by the government and these projects were usually managed by the government. The Hainan SEZ, however, will encourage Chinese and foreign investors to make investment in these projects and to manage them. Moreover, taxation will be reduced further or omitted. Chinese and foreign investors may set up various forms

of factories on Hainan Island, including Sino-foreign joint-venture, cooperative, sole-proprietorship, and joint-stock factories. They may also set up private enterprises.

He Chunlin's concrete explanation about greater freedom for people's entry and exit of China is that Hong Kong, Macao, and Taiwan compatriots and Overseas Chinese holding valid passports or other valid documents issued by the State Council's departments responsible for the work and by other authorized departments need not apply for a visa when they go to the Hainan SEZ. Taiwan compatriots may apply directly for travel documents of Taiwan compatriots at ports of Hainan Province. Foreigners who go to the Hainan SEZ for investment and trade negotiations, economic and technical exchanges, visiting relatives, or sightseeing and who will not stay for more than 15 days may apply directly for an entry visa at ports of Hainan Province.

Greater freedom for outflow or inflow of capital means that capital of foreign investors, including income of foreign exchange, can be freely handled and remitted abroad. When they sent their profits out of China, investors will not be asked to pay income tax levied on the basis of the amount of money sent out. He Chunlin said that to facilitate the flow of capital into and out of China, financiers may set up foreign-funded, Sino-foreign joint-venture banks and other financial enterprises in Hainan Province. These financial organizations will be allowed to do business concerning foreign exchange and will have greater freedom in doing other businesses.

All enterprises with foreign investment in the Hainan SEZ are entitled to import and export management. They will be allowed to manage export of their products except very limited categories of products under the quota and permit system, such as products whose quotas are restricted by international agreements and products exported to Hong Kong and Macao controlled by the quota system.

He Chunlin said that the State Council will give the Hainan Provincial People's Government greater decisionmaking power in handling economic work. For example, the provincial government can examine and approve investment in various enterprises with foreign capital in the Hainan SEZ, except big projects whose construction, production, and management conditions need state overall balance. These measures will simplify greatly the work procedures of this SEZ and will further increase its administrative efficiency.

**Biographical Notes on CPPCC Vice Chairmen**

**Vice Chairman Qian Changzhao**  
*OW150615 Beijing XINHUA in English 0415 GMT*  
*10 Apr 88*

[Text] Beijing, April 10 (XINHUA)—Qian Changzhao, vice-chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, was

vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today. [sentence as received]

Qian, of Han nationality, was born in November 1899 in Changshu County, Jiangsu Province. He graduated from a business school of London University in 1922.

Before 1949, he had served successively as secretary of the Kuomintang Foreign Ministry, executive vice-minister of education, deputy director and then director of the resources committee.

In 1948 he went abroad to study industries. In June 1949 he came to Beijing via Hong Kong and served successively as a member of the Bills Committee of the National People's Congress, a member of the Financial and Economic Committee under the government administration council, a member of the NPC Commission of Legislative Affairs and a member of the NPC Committee for Drafting the Basic Law for the Hong Kong Special Administrative Region.

He was a deputy to the First through the Fourth National People's Congresses, a member of the First CPPCC National Committee and vice-chairman of the Fifth and Sixth CPPCC National Committees.

**Vice Chairman Qian Weichang**  
*OW150641 Beijing XINHUA in English 0508 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA)—Qian Weichang, vice-chairman of the China Democratic League Central Committee, was reelected today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Of Han nationality, the world-famous scientist was born in Wuxi of Jiangsu Province in 1912. He graduated from Qinghua University with a degree in physics in 1935 and earned his Ph.D. from Toronto University in Canada in 1942. From 1942 to 1946, he worked as a researcher-engineer at a jet propulsion institute in the United States.

After the founding of New China in 1949, he became a professor and vice-president of Qinghua University. He also served as researcher and deputy director of the Institute of Mechanics under the Chinese Academy of Sciences, member of the State Council's Science Planning Committee, president of Shanghai Engineering University and director of the Shanghai Institute of Applied Mathematics and Mechanics.

Qian was elected a deputy to the First and Fourth National People's Congresses, member of the Fourth CPPCC National Committee, Standing Committee member of the Fifth CPPCC National Committee and vice-chairman of the Sixth CPPCC National Committee.

**Vice Chairman Lu Jiaxi**  
*OW150229 Beijing XINHUA in English 0540 GMT  
10 Apr 88*

[Text] Beijing, April 10, (XINHUA) — Lu Jiaxi, vice-chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party, was elected here today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

He is also vice-president of the China Association for Science and Technology.

Lu, of Han nationality, was born in 1915 in Xiamen, Fujian Province (his ancestral home is in Tainan of Taiwan). He graduated from Xiamen University with a major in chemistry in 1934 and received his Ph.D. degree in physics and chemistry from London University in 1939.

Between 1939 and 1945, he did research work at the California Institute of Technology, and in some other schools and institutes in the United States.

From 1946 to 1980, he became a professor of Xiamen University, dean of chemistry, dean of science and assistant to the president of the university. From 1960 to 1980, he served as professor and vice-president of Fuzhou University, and researcher and director of a Fujian Institute under the Chinese Academy of Sciences. He was elected vice-chairman of the Standing Committee of the Fujian Provincial People's Congress and vice-chairman of the CPPCC Fujian Provincial Committee.

Lu served as president of the Chinese Academy of Sciences from 1981 to 1987.

He was elected a deputy to the Third and Fifth National People's Congresses and a member of the Standing Committee of the Sixth CPPCC National Committee.

**Vice Chairman Ismail Amat**  
*OW150219 Beijing XINHUA in English 0538 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Ismail Amat, minister in charge of the State Nationalities Affairs Commission, was elected here today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference.

He is of Uygur Nationality and was born in September 1935 in Qira County of the Xinjiang Uygur Autonomous Region.

From 1952 to 1954, he joined in the land reform work in Hotan and Qira Counties. After 1954 he served as secretary of the county work committee of the Chinese Communist Youth League and later magistrate of the

Qira County, deputy head of the Propaganda Department of the Hotan prefectural party committee, member of the Standing Committee of the Xinjiang Regional Revolutionary Committee and head of the committee's group of culture, education and public health.

From 1972 to 1986, he served as secretary of the Xinjiang regional party committee and concurrently head of the committee's organization department, and chairman of the regional people's government, political commissar of the Urumqi Military Area Command.

He was a member of the 10th through 13th Party Central Committees and a member of the Standing Committee of the Fifth National People's Congress.

**Vice Chairman Su Buqing**

OW150209 Beijing XINHUA in English 0528 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA) — Su Buqing, member of the Standing Committee of the Sixth National People's Congress (NPC) and vice-chairman of the NPC Education, Science, Culture and Public Health Committee, was elected vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

Born in September 1902, Su, a native of Pingyang County, Zhejiang Province, is a member of the China Democratic League and became a member of the Chinese Communist Party in 1959.

He received a doctor's degree from a Japanese University in February 1931. After 1931, he served as associate professor, professor and dean of the Mathematics Department of Zhejiang University.

After the founding of the People's Republic of China in 1949, he served as professor and dean of the Mathematics Department of Zhejiang University, and professor and dean of the Mathematics Department of the Fudan University in Shanghai.

After 1956, he served as vice-president of Fudan University and division member of the Chinese Academy of Sciences.

After 1978, he served as president of Fudan University and head of the university's mathematics institute, vice-chairman of the Standing Committee of the Shanghai Municipal People's Congress, and member of the Standing Committee and vice-chairman of the Central Committee of the China Democratic League.

He was deputy to the Second and Third NPC, member of the Standing Committee of the Fifth and Sixth NPC and member of the Second CPPCC National Committee.

**Vice Chairman Qian Zhengying**

OW150159 Beijing XINHUA in English 0525 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA) — Qian Zhengying, minister of water resources and electrical power, was elected today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference.

She is a member of the 13th Central Committee of the Communist Party of China (CPC).

Qian, of Han nationality, was born in 1923 in Jiaxing, Zhejiang Province. She was a student activist and underground party branch secretary while studying architecture in a Shanghai University. Upon graduation in 1942 she taught in a party school, and has been pursuing her water conservancy career since 1944.

From 1950 to 1952, she worked as deputy director of the Water Conservancy Department of the East China Military and Administrative Committee, and deputy director of the Engineering Department of the Huaihe River Harnessing Committee.

After 1952, Qian became vice-minister and Minister of Water Conservancy, and vice-minister and minister of water resources and electric power.

She is a member of the CPC 10th through 13th Central Committees.

**Vice Chairman Hu Ziang**

OW150241 Beijing XINHUA in English 0412 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA) — Hu Ziang, vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was elected vice-chairman of the CPPCC Seventh National Committee here today.

A graduate of Beijing Agricultural University, he is now chairman of the All-China Federation of Industry and Commerce, and vice-chairman of the Central Committee of the China Democratic National Construction Association.

Born in 1879 in Chongqing, Sichuan Province, he served as managers of many companies before the founding of New China in 1949.

After 1949, he served as member of the Southwest China Administrative Committee and member of the Southwest Financial and Economic Committee, deputy mayor of Chongqing and vice-chairman of the CPPCC Sichuan Provincial Committee.

He was a member of the Standing Committees of the Second through the Fifth National People's Congresses, a delegate to the First Plenary Session of the CPPCC, member of the Second, Third and Fourth National Committees of the CPPCC and vice-chairman of the CPPCC Fifth National Committee.

**Vice Chairman Liu Jingji**

*OW150139 Beijing XINHUA in English 0454 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Liu Jingji, vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC) and vice-chairman of the All-China Federation of Industry and Commerce, was elected again vice-chairman of the CPPCC Seventh National Committee here today.

A native of Changzhou City, Jiangsu Province, Liu was born in September 1902.

Before the founding of New China in 1949, he served as manager of cotton mills and cement works in Suzhou, Changzhou and Nanjing in Jiangsu Province.

After 1949, he served as general manager and chairman of the board of directors in some factories in Shanghai and elsewhere.

After 1956, he became chairman of the Shanghai Municipal Committee of the All-China Federation of Industry and Commerce, chairman of the Shanghai Municipal Committee of the China Democratic National Construction Association, president of the Shanghai Investment and Trust Corporation, chairman of the Board of Directors of the Shanghai Patriotic Construction Company and chairman of the Board of Directors of the Shanghai Patriotic Construction Financial Company.

He was elected deputy of the First through Fourth National People's Congresses, Standing Committee member of the Fifth and Sixth NPC, member of the CPPCC First through Fourth National Committees and member of the Standing Committee of the Fifth CPPCC National Committee.

**Vice Chairman Wang Enmao**

*OW150151 Beijing XINHUA in English 0458 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Wang Enmao, chairman of the Xinjiang Regional Advisory Commission of the Communist Party of China (CPC), was re-elected vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

Born in Yongxin County of Jiangxi Province in May 1913, Wang became a Communist Party member in 1930.

He took part in the world-famous Long March. From 1934 to 1937, he served as deputy political commissar and political commissar of a brigade, deputy political commissar of a column, and political commissar of an army.

From 1949 to 1968, he served as first secretary of the party committee of the southern Xinjiang area and first political commissar of the Southern Xinjiang Area Military Command, first secretary of the Xinjiang regional party committee, commander and first political commissar of the Xinjiang Military Area Command, first political commissar of the Xinjiang Production and Construction Corps, chairman of the CPPCC Xinjiang Regional Committee, member of the Secretariat of the northwest bureau of the party Central Committee and member of the National Defense Council.

Between 1968 and 1977, he served as vice-chairman of the Xinjiang Regional Revolutionary Committee and deputy political commissar of the Nanjiang [as received] Military Area Command. From March 1977 to October 1981 he served as first secretary of the Jilin provincial party committee and chairman of the Jilin Provincial Revolutionary Committee and deputy commander of the Shenyang Military Area Command.

After October 1981 he served as first secretary of the Xinjiang regional party committee and first political commissar of the Urumqi Military Area Command.

He was a member of the Eighth Party Central Committee, an alternate member of the Ninth Party Central Committee, and member of the 11th and 12th party Central Committees.

**Vice Chairman Sun Xiaocun**

*OW150109 Beijing XINHUA in English 0516 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Sun Xiaocun, vice-chairman of the Central Committee of the China Democratic National Construction Association, was elected here today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Sun, of Han nationality, was born in November 1906 in Yuhang County, Zhejiang Province.

Before the founding of New China in 1949, he held various posts in the Kuomintang government.

After 1949, he served as secretary-general of the preparatory committee for the establishment of the Shanghai Municipal Federation of Industry and Commerce, member of the financial and economic committee under the government administration council, president of Beijing Agricultural University, vice-president of the Sino-Vietnamese Friendship Association, secretary-general and vice-chairman of the Central Committee of the China

Democratic National Construction Association, the association's director of executive bureau, a member of the Standing Committee of the All-China Federation of Industry and Commerce, executive director of the Bank of China and director of the China International Trust and Investment Corporation.

He was a deputy to the First, Second and Third National People's Congresses, a delegate to the First CPPCC National Committee, and a member of the Standing Committees of the Third through Sixth CPPCC National Committees.

**Vice Chairman Cheng Siyuan**  
*OW150121 Beijing XINHUA in English 0521 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Cheng Siyuan, member of the Standing Committee of the Sixth National People's Congress (NPC) and member of the Standing Committee of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was elected vice-chairman of the Seventh CPPCC National Committee here today.

Born in August 1908, Cheng, a native of Binyang County of the Guangxi Zhuang Autonomous Region, received a doctor's degree from Rome University in 1937.

Between 1930 and 1934, he served as secretary for Li Zongren, commander of the Kuomintang Fourth Group Army.

Between 1942 and 1946, he worked in the Central Committee of the Three Principles of the People Youth League and served as executive member of the Sixth Kuomintang Central Committee and member of the People's Political Council.

Between 1947 and 1949, he served as permanent member of the Executive Committee of the Kuomintang Central Committee and member of the Legislative Yuan.

Between 1949 and 1965, he resided in Hong Kong and worked as a newspaper columnist. He returned to China and resided in Beijing with Li Zongren, a senior Kuomintang leader. Between 1978 and 1986, he served as deputy secretary-general of the CPPCC National Committee.

He was a member of the Standing Committee of the Sixth NPC and a member of the Standing Committee of the Fifth and Sixth CPPCC National Committees.

**Vice Chairman Ma Wenrui**  
*OW140618 Beijing XINHUA in English 0450 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Ma Wenrui, vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was re-elected vice-chairman of the Seventh CPPCC National Committee here today.

Ma, of Han nationality was born in Zizhou of Shaanxi Province in November 1912.

From 1926 to 1949, he did revolutionary work in northern Shaanxi Province and served as secretary of a county committee of the Communist Party of China (CPC), member of the northern Shaanxi special party committee, political commissar of the eastern Gansu military sub-area command and brigade political commissar of the CPC-led Eighth Route Army.

After the founding of New China in 1949, he served as deputy secretary and head of the Organization Department of the Northwest Bureau of the party Central Committee, minister of labor, vice-minister of the State Planning Commission, vice-president of the party school of the party Central Committee, first secretary of the Shaanxi provincial party committee, first political commissar of the provincial military command and chairman of the Standing Committee of the provincial People's Congress.

He was an alternate member of the eighth party Central Committee, member of the 11th and 12th party Central Committees, deputy to the Fourth, Fifth and Sixth National People's Congresses and member of the Second, Third and Fourth CPPCC National Committees.

**Vice Chairman Pagbalha Geleg Namgyai**  
*OW151257 Beijing XINHUA in English 0408 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA) — Pagbalha Geleg Namgyai, vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was elected again vice-chairman of the Seventh CPPCC National Committee here today.

He is also vice-chairman of the Standing Committee of the People's Congress of the Tibet Autonomous Region, vice-chairman of the CPPCC autonomous regional committee, vice-president of the Buddhist Association of China, and honorary president of the association's Tibet branch.

Born in 1940, Pagbalha Geleg Namgyai is a native of Litang County, Sichuan Province, and is of Tibetan nationality.

In 1942, he was confirmed by the Qangdin Lamasery in Tibet as the 11th incarnation of the living Buddha. After New China was founded in 1949, he served as first vice-chairman of the People's Liberation Committee for Qamdo area, vice-chairman of the preparatory committee for the Tibet Autonomous Region, vice-chairman and later chairman of the Religious Affairs Commission of the Tibet Autonomous Region.

He was deputy to the Second through the Fifth National People's Congresses, and vice-chairman of the Third, Fourth, Fifth and Sixth CPPCC National Committees.

**CPPCC Member Wu Lengxi Elaborates on Work**  
*HK141130 Beijing RENMIN RIBAO in Chinese*  
13 Apr 88 p 3

[Report by Wang Zhongren (3769 6988 0086): "Wu Lengxi on Reforming the CPPCC's Work"]

[Text] Wu Lengxi, a member of the Standing Committee of the Seventh CPPCC National Committee and chairman of the All-China Journalists Association, told reporters a few days ago that the work of the CPPCC should be reformed. He also said that such a reform is an important topic in reforming the political structure.

The 69-year-old Wu Lengxi once held the posts of director-general of XINHUA NEWS AGENCY, editor in chief of RENMIN RIBAO, and minister of radio and television. He has enjoyed high prestige in journalist circles for a long time. However, this is the first time he has taken part in the work of the CPPCC.

He held that in reforming the work of the CPPCC, we must first emancipate our minds, and second make laws. He said that to emancipate our minds means to consider in an overall manner the position of the CPPCC in socialist democracy. For example, when a CPPCC member goes places, we can only say that he is "visiting and studying." Why can't we say he is making an inspection? This is not a matter of scrambling for power, but a matter of democracy. Socialist democracy is a major issue. As in the case of the socialist commodity economy, it is necessary to emancipate the mind as well as to turn this good tradition into a system and make laws. Democracy cannot be a mere formality or mere empty talk. It has to depend on rules and regulations and on the legal system. Regarding how to deal with such major issues as education, intellectuals, and agriculture, the government should set up special committees to carry out investigations and studies and to put forward suggestions. That the "Government Work Report" has put agriculture in the first place is progress. However, has the problem already been solved? Our country is poor and our people are not yet well-off. We have many burdens and owe many debts. We have to resolve them one after another and should not neglect them. Nor should we attend to one and lose sight of another. However, we should have overall planning for using money. Wu Lengxi held that we should either postpone the construction of projects

like large hotels, golf courses, and recreational facilities, or we should undertake fewer such projects. We should use money where it is most needed. At present, waste is serious.

Before the meeting, Wu Lengxi visited Hong Kong and Guangdong and made investigations and studies on primary and secondary education. At the CPPCC session, he put forward realistic proposals on how to improve education work.

**Democratic League's Standing Committee Meets**  
*OW140407 Beijing XINHUA Domestic Service*  
in Chinese 1149 GMT 12 Apr 88

[Excerpts] Beijing, 12 Apr (XINHUA) — The 20th enlarged meeting of the Central Standing Committee of the China Democratic League was held in Beijing on 11 and 12 April.

The meeting discussed and adopted a resolution on studying and implementing the guidelines of the First Sessions of the Seventh NPC and the Seventh CPPCC National Committee. [passage omitted]

The meeting decided to convene the League's Sixth National Congress in Beijing in early October. It also approved a decision to set up a preparatory group for the Hainan Provincial Committee of the Democratic League, and appointed Zhou Zheng, Lin Ying, and Hu [name indistinct] as members of the preparatory group with Zhou Zheng as the leader.

Fei Xiaotong, chairman of the Democratic League Central Committee, presided over the meeting.

**Journal Views Policy on Studying Abroad**  
*HK131250 Hong Kong LIAOWANG OVERSEAS*  
EDITION in Chinese No 12, 21 Mar 88 pp 4-6

[Article by Zhuang Yan (1104 0917) and Shen Yong (3947 3491): "Chinese Students Studying Abroad—A Perspective"]

[Text] With the implementation of the policy of opening up to the outside world, China has sent many students to study abroad. Meanwhile, a considerable number of self-supported young people have gone abroad to study advanced knowledge and technology. How have we handled the work of sending students to study abroad since 1978? What is the situation of those studying abroad and those who have returned, and what role have they played after returning home? We now give our readers an account of the information provided by the State Education Commission concerning the questions.

Twenty Thousand Students Have Returned After Finishing Their Studies Abroad [subhead]

Yu Fuzeng, director of the External Affairs Bureau under the State Education Commission, said: Since 1978 China has sent more than 50,000 students to study in over 70 countries, 40,000 of whom are government-funded and 10,000 are self-supported. Of this total, 20,000 have returned after finishing their studies. Of the 30,000 students who remain abroad, about 20,000 are government-funded students while 10,000 are self-supported.

Most of the government-sponsored students now overseas are visiting scholars or researchers. Among this group, the return rate is more than 90 percent. Since their return, they have played a very good role in their jobs. First, in some spheres of science, they have reduced the gap between China and the developed countries. A considerable number of those who have won various kinds of invention awards at home had engaged in advanced studies abroad. This does not mean that we attribute all the successes to those who have studied abroad, but proves that they have acquired new knowledge and have widened their field of vision after studying abroad. Second, they have promoted the building of the ranks of teachers and contingent of scientists and technological workers, and have increased our capacity to train senior level qualified personnel. By the end of 1987, China had trained more than 70,000 graduates with M.A. degrees and a small number with Ph.D. degrees. Of the 130,000 graduate students now studying in institutions of higher learning, more than 7,000 are studying for Ph.D. degrees. With the opportunity to study abroad, teachers of the institutions of higher learning responsible for training graduate students have upgraded their teaching level and have also created conditions for the rapid development of education for graduate students. Third, the education, scientific, and technological circles at home have established extensive contacts with their counterparts abroad, enabling China to catch up with the world's advanced technological level.

A number of government-funded students are graduate students. A total of 12,000 graduate students have gone abroad since 1982 to study for Ph.D. degrees. Fifty percent of government-funded students now overseas are graduate students. This group of students were graduated after China resumed the examination system for universities and colleges in 1977. It usually takes a student 4 to 5 years to get a Ph.D. degree. Therefore, they will return in groups starting this year. There are a small number of graduate students who went abroad earlier. So far about 200 to 300 students with Ph.D. degrees have returned.

Moreover, there are also a small number of undergraduates studying abroad. China resumed the examination system for universities and colleges in 1977. As China's universities and colleges were a weak link at that time, we sent more than 1,000 undergraduate students to study in Japan and several European countries starting from 1979. Upon completion of their degrees, however, many of them returned only to go overseas again as

graduate students. There were many reasons for this, including personal reasons as well as the domestic employment system. These students were selected from the best universities and colleges in China. Many of them expected to get jobs in universities or scientific research units.

As many of their schoolmates in China have become postgraduates, they could not get jobs in such units because they were only qualified as university graduates. Thus, they went abroad again to take graduate courses. It took around 10 years for them to finish their studies and return home.

A considerable number of the self-supported students went abroad to take university courses and many of them started with language first. Although they were subsidized by their relatives, their conditions were hard and many had to work to support themselves. Most of the self-supported students have not yet finished their studies. As many of them went abroad with the help of their relatives, some may stay there for a longer period and some may settle down there. Government-Sponsored Students Who Refuse To Return Constitute a Minority [subhead]

Of the visiting scholars sent abroad, over 90 percent have returned after finishing their studies. Those who have extended their stay or who refuse to return without approval of the Chinese Government constitute a minority. The government has always stressed that government-sponsored students are duty-bound to return and serve the country after finishing their studies.

Since last year government-sponsored students sent abroad by China have signed agreements with their work units, clearly indicating the responsibility of both parties. The work units should define the purpose of sending the student abroad, while the student should tailor his study to this purpose. In this way they can apply what they have learned to their work at home. In the past we did not pay proper attention to this question. Some students did not study for any particular purpose. As a result, when they returned after finishing their studies, the units had no suitable posts for them and they themselves could not make the most of what they had learned. The aim of signing an agreement is to ensure that what the students have learned abroad can be applied to the country.

True, a very small number of government-sponsored students have stayed abroad for a long time and have refused to return. There are many reasons for this, including professional work, economic matters, spouses, children, and personal matters at home. Although the reasons are convincing, government-sponsored students are duty-bound to return and serve the motherland. Compared with the past, China's scientific research conditions have improved remarkably. We need a lot of people skilled in technology and who are bold and resolute in engaging themselves in the extensive newly

emerging undertakings. According to an analysis of research findings submitted by a brain trust in the United States to President Reagan, China's economic development will rank in the forefront of the world by the year 2000. They must have an objective basis for making such an estimate. Confronted with such bright prospects, our students studying abroad should return to fully display their talents. Some professors in the United States also believe that China has many opportunities for people of enterprising spirit to develop their careers. This is extremely attractive. The crux of the matter is whether a student has an enterprising spirit and a sense of responsibility toward revitalizing the Chinese nation. If a student is ready to contribute his intelligence to the motherland, many problems can be easily resolved. It has been reported that some companies and units in Japan have also sent large numbers of "exchange scholars" to study in the United States and clearly stipulated that they should return to serve the companies and units concerned after finishing their studies. Regarding the government-sponsored students who remain abroad, we will do our best to persuade them to return. We hope that they will set an example for the students waiting to be sent abroad.

#### The State Is Ready To Receive Them [subhead]

According to an estimate of the students sent abroad, more than 1,000 graduate students will obtain Ph.D. degrees every year. Except for a small number of them doing practical work in some companies, the majority will return as scheduled. To receive them, China should do the following things well: First, provide them with information on the user units at home. We should give them an account of the work and living conditions and qualified personnel required by relevant units for their reference and selection.

Of the first group of students sent by China to Japan, some 130 will graduate or obtain their Ph.D. degrees this year. The relevant state departments have distributed a detailed list of names and professions of these graduates to the units concerned for their selection. Each graduate may thus make a choice from among a dozen units and their jobs can be determined through several rounds of selection between both sides. Now, jobs for some 80 students have been determined and jobs for others are under discussion. The task at home is to make proper arrangements for the students to return by March this year (some will be postponed until October). Thus, we can avoid the practices that occurred a few years ago: When the students returned, the departments concerned went hither and yon to find jobs for them. Some students had to wait for more than 6 months to get a job.

Second, create certain working and living conditions for the students who return from abroad. However, we can only create "certain" conditions and it would be unrealistic to expect too much. The purpose is for them to display their talents after they return. This is the focus of

our work for the next 2 to 3 years. The relevant departments of the whole country should make concerted efforts in this regard. A certain province allocated some funds every year to send students to study abroad. Recently they discovered that many other students had returned after finishing their studies abroad but even Beijing University, Qinghua University, and other scientific research units in the capital could not offer posts for all of them. They should have invited those returned students to work in the province rather than allocate funds to send more students abroad. As a result, they allocated some funds to create conditions for the returned students to work in the province.

The state also requests the returned students to proceed from China's actual reality and carry forward the spirit of building the country through arduous efforts. Without such a spirit, it will be impossible, under hard conditions, to achieve successes matching the developed and relatively developed countries and to make our country prosperous and the people well-off.

#### The Motherland Also Places Hopes on Self-Supported Students [subhead]

By the end of 1987 China had more than 10,000 self-supported students studying abroad. Some people describe it as a "flow of students going abroad." It is not correct to say this because of the population of 1 billion, self-supported students studying abroad constitute a very small number. On the one hand, the state promulgated regulations at the end of 1986 which stipulated that the state supports self-supported students who can meet the requirements of the regulations to study abroad. On the other hand, some young people at home have acted blindly in this regard. They look at the matter in an oversimplified way by thinking that they can study what they want to if they have the opportunity to go abroad. The facts actually differ from their thinking. Some students enthusiastically went abroad to study new technology only to find themselves in a predicament when they could not get any financial support. A small number even brought ruin upon themselves. Others did not actually study when they went abroad. We hope that the vast number of youths will draw a lesson from this. In addition, some students have attempted to reside abroad. They went abroad under the excuse of studying at their own expense. What they have done abroad has destroyed the reputation of the self-supported students studying abroad. Regarding the vast number of self-supported students studying abroad, the state welcomes them to return and contribute to the country's construction. The state has laid down some policies in this regard. These policies will be further implemented in the years ahead so that the self-supported students will return after finishing their studies and display their talents.

#### While the General Policy Remains Unchanged, Some Minor Readjustment Will Be Made [subhead]

Since China resumed the system of sending students to study abroad in 1978, the general policy in this regard has remained unchanged. This general policy will continue to be upheld in the years to come. However, in light of the needs of construction at home, minor readjustments in the setup of students being sent abroad will be unavoidable. Since 1986 the state has made the following readjustments:

1. Students sent abroad should learn from the strong points of all countries. In the past our students were sent to only a small number of countries. There were many reasons for doing so which included external contacts, languages, and economic factors. Some subsidized and sent students abroad blindly, regardless of domestic needs. China has opened its door to all countries in the world and each country has strong points which we should learn from. Over the past 2 years, the number of students China has sent to Europe has increased remarkably.
2. The work of sending students abroad should be advantageous to the training of senior level qualified personnel at home and to the stability of the contingent of scientists and technological workers. According to a stipulation in 1985, graduate students could apply to study abroad at their own expense. Instead of keeping their minds on their studies, at that time a number of graduate students in the capital's universities and colleges were busy studying foreign languages and contacting institutions of higher learning abroad. Our professors were strongly against this state of affairs. Thus, there was another stipulation by the end of 1986: Graduate students cannot discontinue their studies and apply to study abroad at their own expense.
3. The students sent abroad should mainly study applied science. The state should develop its basic science only in light of its national strength. In this regard, we cannot spend a lot of money like the developed countries. China needs large numbers of qualified personnel for its large-scale economic construction. The industrial enterprises and coastal cities opened to the outside world particularly need those with scientific and technological knowledge and management experience. There is plenty of scope for our returned students to display their talents.
4. Of the students sent abroad, the number of visiting scholars will gradually increase, while that of graduate students will decrease. Since last year the state has sent a number of senior level visiting scholars, key personnel working in the forefront of research, with titles of associate professor, research fellow, and Ph.D. degrees, abroad to keep abreast of the scientific and technological development abroad and contribute to the country's undertakings. As for the graduate students, the current situation is completely different from the past. Without an academic degree system at that time, China did not have its own M.A.'s and Ph.D.'s. Now we have our own M.A.'s and Ph.D.'s and many of them have taken new

jobs after graduation. The number totals tens of thousands. There are also more than 100,000 graduate students. Under such circumstances, we should rely on our own efforts to train graduate students, while sending only a small number of students abroad to study for Ph.D.'s in light of the domestic needs.

We should maintain a balance of China's economic development and senior level qualified personnel. In other words, in light of China's current economic level, how many senior level qualified personnel do we need? China now has 10,000 graduate students abroad and 7,000 graduate students at home studying for Ph.D. degrees. By the year 1990, China will have around 10,000 graduates with Ph.D. degrees who must be placed by the corresponding departments. If we cannot do a good job of this work, the work of sending students abroad would be of no significance at all.

**Difficulties in Writing Press Law Viewed**  
*HK141003 Hong Kong TA KUNG PAO in English*  
14-20 Apr 88 p 2

[“The Past Week” column]

[Text] Beijing is having difficulties in writing the country's press law. Ironically, however, it is not so much a question of not being aware of the importance of enacting such a law. More pertinent is the fact that there seems to be a lack of consensus as to what purpose a press law is supposed to serve.

In a sense, the uncertainty is typical of the complex and sometimes baffling prevailing realities in China in which new and old ideas clash in a myriad of ways. A stalemate of the contesting interest leaves many issues unresolved. Only time and further removal of those blinkers that still stand in the way of the “transparency” of the Chinese society can induce the much-cherished press freedoms. Yet it should never be supposed that this matter is one to be trifled with as freedom of the press certainly goes a long way in explaining the extent of freedom of speech the populace of a country in fact enjoys.

Four years have passed since the commission of cultural, educational, science and public health affairs of the National People's Congress undertook to draft the ice-breaking law. Headed by Mr Hu Jiwei, former editor in chief of the PEOPLE'S DAILY, the draft group held a series of forums and interviews to collect ideas from media circles both on the mainland and in Hong Kong. But it seems that the work of this group had ground to a halt during the anti-bourgeois liberalization exercise early last year. The next thing the outside world learned was that the drafting work had been transferred to the newly set up State Media and Publications Office (SMPO) which operates directly under the State Council. But according to latest revelations at the recent National

People's Congress, the drafting work had not officially begun until January of this year. This lends credence to earlier reports that not a single word of the draft law had yet been put on paper.

However, the SMPO did produce a draft of "provisional work guidelines" for reporters and journalists. But as it seems to be mainly a code stipulating the reporter's duties and obligations rather than stressing the importance of press freedom, here again, there are reasons to believe that it will take a little while yet before even these regulations are finally and officially endorsed.

The long delays and inaction have understandably fueled speculations that the vaunted press law has met stiff resistance from quarters keen on upholding the traditional uniformity as well as conformity of the press. Ever since times when China was embroiled in revolutionary wars half a century ago, the notion of the press has been synonymous with propaganda that served to "agitate, organize the masses, and sow the seeds of the revolution." The challenge the Chinese media faces today seems to be that the press should do much more than these traditional roles. In the first place, it should also inform, especially, in view of the visions opened up by the "rudimentary phase of socialism" which, by definition, allows the existence of diverse forms of interests.

It was not surprising, therefore, that media workers and editors in chief who attended the recent National People's Congress and the Chinese People's Political Consultative Conference in Beijing had a great deal to say on the kind of problems they face in their day-to-day work. The frank and candid manner in which the grievances and criticisms were expressed was rather revealing. The following are a few examples.

Mr Xie Wenqing, head of the Central People's Broadcasting Station, did not hide his resentment against the stricture that news good enough for the foreign audience are often considered unsuitable for the domestic program. He could not understand why Zhao Ziyang's statement made to reporters at Beijing Airport before his departure for Europe last year that he preferred to be premier rather than the CCP's general secretary, was not allowed to be quoted in the domestic media. "This shows we have no press freedom," he declared.

Mr Fan Ronkang of the PEOPLE'S DAILY disclosed that reporters were not allowed to enter the disaster site after a CAAC [Civil Aviation Administration of China] passenger plane crashed near Chongqing Airport on 28 January. A reporter of the CHONGQING EVENING POST got in only by disguising himself as a luggage carrier.

Mr Yan Wenjing, a CPPCC delegate, observed that it would be ideal for news to come from official channels and not from byways and alleys. But unfortunately, the scarcity of news from official channels has given rise to the profusion of news from the grapevine.

It is not difficult to imagine that the paucity of news is closely connected with the uniformity of the Chinese press in general. At the recent NPC and the CPPCC, delegates did not hesitate to attribute the high degree of press uniformity to the fact that the overwhelming majority of Chinese newspapers are owned by the state.

Not happy with this state of affairs, no less a person than Party Secretary of the China Communist League [as published], Mr Li Yuanchao, observed that "on some questions, the view of party newspapers are quite different from the public consensus."

Li does not think that all newspapers should be run by the government. Nor does he believe it possible for the views of any newspaper to be all correct. It is extremely difficult for the government to assume responsibility for all (published) public opinions, he said.

As for the prospect of the press law, former editor in chief of the English newspaper CHINA DAILY, Mr Liu Zunqi, had this to say:

Many comrades have suggested that we should have a press law and a publication law. I look at the proposition from a different angle. In the first place we have to be clear on what is the purpose of having a press law alone is no sure guarantee to greater freedom of the press. Most probably the result will be more restrictions instead. It won't be too late. Until we have a common understanding, it would be better to just try and muddle through.

These remarks may appear vague and puzzling. But coming from a retired journalist and publisher with long experience in China and abroad, one is tempted to believe not only the sincerity but also the implication of his counsels.

#### Film Censorship Regulations Being Drafted HK150053 Beijing ZHONGGUO XINWEN SHE in Chinese 1434 GMT 11 Apr 88

[Report by Zou Zongbin (6760 1350 1755): "China Has Started Drafting Film Censorship Regulations"]

[Text] Beijing, 11 Apr (ZHONGGUO XINWEN SHE)—The Film Bureau of the Ministry of Radio, Film, and Television has set about drafting regulations for film censorship. The regulations will lay down censorship procedures, the nature of censorship organs, censorship criteria, and qualifications for censors.

Sponsored by the nation's 10 major film studios, the Film Producers Society of the Chinese Film Artists Association was set up 4 months ago. At its first council meeting, the representative of the legal entity of the 10 major film studios expressed anxiety about problems in Chinese films, including the lack of film censorship regulations. Yuan Xiaoping, secretary general of the Film Producers Society, pointed out that the lack of laws and regulations was the most troublesome problem. He

said: We have neither regulations nor unified criteria for film censorship. There is so much leeway that sometimes a certain leader's remark can decide the life and death of a film. This is quite abnormal. For this reason, there is an urgent need for legislation.

At present, the Chinese film censorship organ is nominally the Bureau of Radio, Film, and Television (formerly under the Ministry of Culture). In fact, however, the views of competent party and government departments in various localities have more or less complete power, and the views of senior leaders have an even more decisive role. The release of a film should pass through censorship from one level to another.) However, the lack of unified censorship regulations at all levels has caused confusion among film workers. When shooting a film, they always pay attention to the direction of the political wind and try to second guess the intentions of the higher authorities. Sometimes a film completed at the cost of hundreds of thousands of yuan, or even several million yuan, is killed by one person's remark. Some films are banned or only permitted "restricted showings" in certain localities. This has also greatly affected the fate of films.

Film workers hold that the state of affairs in which there are no laws to go by should not be allowed to continue and that it is necessary to advance from "rule by man" to rule by law. Such a call has now drawn the attention of the relevant departments. People hope that the relevant regulations being drawn up will be issued in the form of a State Council statute or, preferably, an official law.

**Ban Lifted on Feature Movie 'The Wilderness'**  
*HK150653 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1014 GMT 12 Apr 88*

[Report by reporter Zeng Liming (2582 0448 2494): "Chinese Movie 'The Wilderness' (Yuanye 0626 6851) Is Allowed To Be Shown in China"]

[Text] Beijing 12 Apr (ZHONGGUO XINWEN SHE)—Eventually, the feature "The Wilderness," a 1981 production of China Nanhai Movie Industrial Corporation will meet the audience throughout Mainland China tomorrow.

"The Wilderness" deals with a peasant's revenge in northeast China not long after the Revolution of 1911, based on a stage play bearing the same title, written originally by Cao Yu [2580 4417] in his early years. When the production of the movie was first completed, it was immediately shown in Hong Kong, Macau and some foreign countries, and was praised highly for its accomplishments. It won an honorary prize as "the most commended movie" at the 1981 Venice International Movie Festival in Italy.

At a news conference held today, ZHONGGUO XINWEN SHE deputy director, concurrently General Executive of Nanhai Movie Industrial Corporation Chen

Guangzhong [7115 0342 1813] said, this movie, being late in meeting the audience, has gone through "a dramatic bitter-sweet experience" itself. He said, "Art belongs to the people, and true art will stand the test of time."

"The Wilderness" was directed by Ling Zi [0407 1311] (alias Ye Xiangzeng [0673 0686 4176]), with Liu Xiaoqing [0491 2556 1987] and Yang Zaibao [2799 0961 5508] playing the leading roles. "The Wilderness" has already won a nomination for the best movie in the 11th Hundred Flowers Awards sponsored by "DAZHONG DIANYING" ["POPULAR MOVIE"], while Liu Xiaoqing, who played the leading role "Hua Jingzi" in the movie, has been nominated the best actress. According to the analysis of movie critics, it is most likely that Liu Xiaoqing, who played this role seven years ago, will once again win the title of movie queen this year.

**Nine Mayors Discuss Problem of Commodity Prices**  
*HK150607 Beijing RENMIN RIBAO in Chinese*  
*10 Apr 88 p 2*

[Dispatch by reporters Pan Gang [3382 1511] and Yang Zhenwu [2799 2182 2976]: "Mayors of Nine Cities Discuss Problem of Commodity Prices"]

[Text] The problem of commodity prices and various negative factors in economic life can only be solved through deepening the reform and developing the economy. This is the major view of mayors of nine cities, including Shenyang, Dalian, Wuhan, Chongqing and Qingdao, put forward at a forum sponsored by the State Commission for the Restructuring Economic System.

Urban reform and commodity prices have become the "hot topics" of many deputies at the current First Session of the Seventh NPC. They are also the problems which the mayors have concerned themselves with. Chongqing Mayor Xiao Yang said: "At present, mayors will be blamed at the mention of commodity prices. However, mayors also have their own complaints. According to my calculations, the average number of daily telephone calls concerning commodity prices received by our 'Mayor's Telephone,' is 60." Wuhan Mayor Zhao Baojiang said that he shared the feeling. He said that mayors have become the people to seek advice from no matter where they go. This is the case even at group discussions of the Seventh NPC. "It looks as if mayors have pushed up commodity prices. This is unfair!"

The nine mayors held that it is true that price indexes are relatively high, but only judging the case as it stands and making complaints will not help in any way. We should study and analyze the causes of price rises and look for measures to deal with it.

Shenyang Mayor Wu Disheng held that fluctuations of commodity prices are inevitable effects of economic levers, but they are now regarded by many as the "Incantation of the Golden Hoop" and people turn pale at the mention of price rises. It is not necessary. We should develop production and increase income. Generally speaking, if the index of wealth created is higher than the price index, there will not be any problem at all.

Dalian Mayor Wei Fuhai said that the people's state of mind as far as price rises are concerned is that "everyone is cursing price rises, but everyone wishes to raise the prices of his own goods."

Qingdao Mayor Guo Songnian cited what had happened as an example. In the spring of 1985, the market situation in Qingdao was normal. However, in the autumn and winter of that year, the prices of nonstaple foods rose abruptly. The people said that the price rises were mainly caused by excessive growth of industry, the decrease of farmland, the increase of non-productive personnel, the price rise of chief means of production, and rush purchases at high prices by foreign trade departments. However, mayors are unable to solve a problem as big as this and no government department has taken up the work of coordination and macroeconomic control.

How can the problem of commodity prices be solved? The nine mayors at the forum held that the problem of commodity prices has emerged in the course of reform and can only be solved through carrying out reform.

Yantai Mayor Yu Zhengsheng gave an example. Last year, the Yantai City Government was unable to solve the problem of price rises. It had no alternative but to issue coupons for buying meat. However, after the coupons were issued in April, the number of hogs on hand at once dropped from 3 million to 770,000. In October, the city government was "disillusioned with the mortal world" and was determined to lift restrictions on prices for purchasing hogs. As a result, the number of hogs on hand increased by 120,000 and the price of pork tended to become more stable. He held that in price reform, we should not be irresolute and hesitant, but should make up our minds to take action once we are sure what should be done, even if we are to blame. He thought that things will be better.

Weifang Mayor Shao Guifang held that we should not be pessimistic toward price rises. The crux of the matter is to tighten macroeconomic control. He said that the existing price indexes were based on the product economy of the 1950's, but the consumption in question is in the 1980's. Therefore, we should carry out proper studies and work out a scientific standard for price assessment.

Maanshan Mayor Zhou Yude once carried out an experiment. The beginning of last year, vegetable growers complained about low prices of vegetables while vegetable buyers complained about high prices of vegetables.

The government did not draw any conclusion, but invited people from each side to have a public dialogue. The dialogue proved to be quite successful and the grievances of both sides were redressed.

The nine mayors also discussed the strategy for economic development of the coastal areas. Li Tieying, minister of the State Commission for Restructuring Economic System, presided over the meeting.

**RENMIN RIBAO Views Effect of Patent Law**  
*HK150625 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 Apr 88 p 6*

[Report by Li Dejin (2621 1795 6855): "More Patent Applications Handled Since Implementation of Patent Law 3 Years Ago"]

[Text] Since it was brought into effect on 1 April 1985, the PRC Patent Law has played an important role in encouraging inventions, protecting the legitimate rights of patent owners, and facilitating the application of patented inventions to the four modernizations.

Statistics show that China's Patent Office has handled more than 63,000 applications for patent registration by February this year, of which 48,300 were from Chinese applicants and 14,700 from abroad. So far, the Patent Office has granted more than 12,200 patents to Chinese and foreign applicants.

Experts believe the increase in applications for patent registration has been and will continue to be a great impetus in the country's scientific and technological development. Of the over 63,000 applications for patents, those related to the technological fields that need rapid development in China, such as agriculture, forestry, fisheries, animal husbandry, and electronic technology, make up the majority. Quite a few applications from abroad are related to the technological fields that are underdeveloped in China, especially to such vanguard modern electronic technological fields as computer, semiconductor, and information storage. This distribution is very favorable to China in its efforts to develop new technology and to catch up with or even surpass the advanced standards of the world.

The application of a number of patented technological items to production has brought about conspicuous economic results. Initial findings of statistics conducted in 15 provinces and cities including Beijing, Shanghai, Tianjin, and Liaoning show that in 1987 the application of patented technology to production projects resulted in an increase of 1.6 billion yuan in production output and an increase of 214 million yuan in taxes and profits turned over to the state.

In the wake of the implementation of the Patent Law, administration over patent affairs is now being improved in China. There have been in the country 99 patent administrative organizations, nearly 400 patent

agencies including the four established with the State Council's approval to deal with patent affairs concerning foreigners, and 4,500 patent agents. The Patent Law provides that cases of infringement upon the patent right shall be handled by the courts, while patent administrative organizations are entitled to mediate disputes over the patent. To assist Taiwan compatriots in applying for patent registration on China Mainland, the Patent Office in December 1987 issued a "Circular on Taiwan Compatriots' Applications for Patent Registration in the Mainland," which has helped to enhance scientific and technological exchange between the two sides of the Taiwan Strait.

**NPC Delegate Cited on Coastal Development**  
*HK150211 Hong Kong SOUTH CHINA MORNING POST in English 15 Apr 88 p 2*

[By Chris Yeung]

[Text] Beijing's commitment to greater democracy should boost confidence in Hong Kong about China's rule over the territory after 1997, according to a local delegate to the Seventh Chinese National People's Congress.

Dr Zee Sze-yong, who attended the three-week parliamentary session which ended in Beijing on Wednesday, believes the endorsement of the enterprise law and a bold economic plan to develop coastal regions will bring enormous benefits to the territory.

The First Plenary Session of the Seventh NPC saw the election of a new government led by Prime Minister Li Peng and a younger State Council which will carry out a series of economic reforms over the next five years.

In a move towards further economic reform, the long awaited enterprise law will allow business managers and administrators more freedom to make decisions and discourage party cadres from interfering in the running of their organizations.

Dr Zee, who returned on Sunday, said: "The passing of the enterprise law and the opening up of the coastal regions will have a direct bearing on Hong Kong.

"A clearer set of laws on enterprises will benefit local investors in China," the Hong Kong University cell biologist said.

"It's also encouraging that Chinese leaders reaffirmed their commitment to the economic reform policy during the session," he said.

Dr Zee said a more open atmosphere of democracy emerged at the parliamentary session. This would help boost local confidence in a more democratic future Special Administrative Region.

"Obviously there would be adverse effects on promoting democracy here if China were to head in the opposite direction," he said.

Apart from Dr Zee, most of the local delegates returned to Hong Kong yesterday morning.

At Kai Tak Airport, solicitor Miss Liu Yiu-chu said greater democracy had been shown by state-owned newspapers, which were sharply critical of a wide range of subjects.

Miss Liu raised eyebrows when she abstained from voting a number of times during the congress because she considered the elections undemocratic.

Miss Liu said: "The general message is that there is greater democracy which is mostly inspired spontaneously by mainland delegates although we Hong Kong delegates did bring new working methods into the NPC."

Her colleague, Mr Cheng Yiu-tong, the chairman of the Federation of Trade Unions, said most of the criticism centred on the lack of funds for education, the misdeeds of party members and bureaucratic excesses.

"It's major feat that the final working report endorsed the supervisory role of the media on the misconduct of bureaucrats," said Mr Cheng.

The growing number of opposing votes on most items on the agenda also indicated the NPC was no longer a rubber-stamp body, he added.

Local television personality, Miss Lisa Wang Ming-chuen, said she learned more about the role and powers of the legislature.

**Development of Coastal Areas Advocated**  
*HK140615 Beijing RENMIN RIBAO in Chinese 8 Apr 88 p 5*

[Article by Hu Xuwei (5170 1645 1218): "Several Questions Concerning the Development and Construction of Coastal Regions"]

[Text] Under the guidance of the policy of opening up to the world and invigorating the domestic economy, the establishment of the special economic zones; opening coastal cities; and expanding coastal economic development zones so that China's coastal areas will play a positive role in the modernization drive constitute a major strategic plan China's economic construction. Over the last few years marked achievements have been made in this respect. I would like to air my views on the problems that have arisen in this process.

**Open Coastal Cities Should Have Their Own Characteristics of Development [subhead]**

China's eastern coastal areas should devote their main efforts to developing an export-oriented economy. At present they should develop a large number of labor-intensive enterprises that can help increase foreign exchange income or enterprises that can combine intensive labor with intensive knowledge. The special economic zones and some industrial coastal cities can also develop hi-tech industries. Open cities should study what trades to develop and what products to produce. Because open cities are different from each other in terms of geographical position, natural resources, development history, industrial basis, social relations, science, technology, and culture, they should develop their economies according to their local conditions, strong points, and characteristics. They should compete with each other and, also, supplement each other. For this reason, on the basis of having a good knowledge of the international market and domestic economy, all types of experts should be invited to draw up development plans for open cities. The relevant central departments should focus their attention on dredging the channel of information between open cities, on promoting lateral exchanges, on coordinating the implementation of plans, on organizing a rational division of work and cooperation, and on giving macro-guidance to the introduction of foreign capital, advanced technology, and equipment.

#### Strengthening the Combination of Coastal Central Cities and the Hinterland [subhead]

Coastal central cities serve as a window for the hinterland, whose natural, social, and economic conditions can also produce an impact on the development of the former. Therefore coastal central cities and the hinterland rely on each other in their development. It is necessary to carry out regional economic research on port cities and the hinterland, to combine coastal central cities with the hinterland, and to work out development plans for economic zones. By means of rational plans and reform measures, we will be able to form an economic combination between coastal central cities and the hinterland. Efforts should be made to improve the communications links between port cities and the hinterland and to enliven the circulation network of the commodity economy. Developed industries and technology in coastal cities should be gradually introduced to the hinterland. Funds, technology, talents, and equipment should be utilized under a variety of cooperative and joint management. The exploitation of important resources in the hinterland should be speeded up so that it can provide coastal cities with more industrial materials, traditional products, and export commodities. In this way, coastal cities will stimulate the economic development of the hinterland and the hinterland will, in return, promote further economic prosperity in coastal cities.

#### The Development of Energy and Raw Materials Industries in Coastal Areas Should Not be Overlooked [subhead]

Due to historical reasons, over 60 percent of China's industrial production is carried out in coastal provinces and cities, which have also witnessed the large consumption of mineral resources, energy, and raw materials. This situation will remain unchanged for 10 to 20 years. Generally speaking, it is natural for China's eastern coastal areas to develop knowledge- and technology-intensive industries rather than resource- and capital-intensive ones, because they have less mineral and other natural resources as compared with the central and western parts of the country. Still, however, China will inevitably build a number of large resource- and capital-intensive energy and raw materials industrial bases in eastern coastal areas. This objective tendency is determined by the following factors: 1) China's eastern coastal areas are the largest energy and raw materials consuming areas in the country. Their demand for energy and raw materials will become bigger and the contradiction between supply and demand will become more serious following their economic development. Viewed from the world as a whole, following the improvements in transportation and processing technology, some resource-intensive industries (such as the metallurgical and petrochemical industries) are gradually moving away from resources producing regions toward consumer markets. 2) The Bohai Bay area is rich in natural resources like iron ore, oil, sea salt, coking coal, and limestone; this area is easy of access and has great potential for exploitation as well as certain favorable conditions for developing steel, petrochemical, and oceanic chemical industries. 3) China is short of iron ore, and of high-grade iron ore in particular. It has to import iron ore to develop its steel industry. So it will be more economical and rational to build iron and steel factories in coastal areas near deep water ports than in the hinterland. 4) As railway transportation in China is always fully booked, it is recommendable to transport coal, oil, and other materials through the cheap waterways. Shanxi relies on ports to transport its coal to eastern and western China, as do Daqing and Shengli oil fields to transport their crude oil to all parts of the country. Large thermal power stations and petrochemical bases will be built in coastal areas or regions along rivers, as will nuclear power plants requiring huge investments. Therefore it is necessary to study which parts of China's coastal areas are suitable for developing these industries and to consider the scale of these industries.

#### Coastal Cities and Their Industries Should Be Developed Toward the Seashores [subhead]

Very few coastal cities in China run their industries on the seashore. Because many large industrial enterprises are far from sea ports, they have to pay transhipment charges for the commodities transported in and out of the ports, thus directly affecting their economic results. Therefore coastal cities and their industries should be developed shoreward. In this connection, the following points should be taken into account. 1) Industries are densely distributed in the downtown areas of China's eastern coastal cities, and large cities in particular, and

these downtown areas are also densely populated. This has given rise to many problems. Land exploitation and construction should focus on the seashores so as to improve the distribution of coastal cities and their industries. 2) Many port cities in the rest of the world are developing from river ports toward sea ports and from shallow water ports toward deep water ports. Coastal cities and their industries should be developed toward the seashores in close coordination with port construction so as to facilitate sea transportation. 3) The suburban areas of large cities are mostly high yield fields. As the per capita acreage is small in these areas, it is difficult and expensive to requisition land here. Whereas there are shoals and low yield lands on the seashores that can be utilized by reclaiming them. 4) China's northern coastal cities are short of fresh water resources. Their power stations and metallurgical and chemical industries need a large amount of water for cooling purposes. If these stations and industries are built on the seashores, they will be able to use sea water for cooling purposes, thus saving fresh water resources and providing favorable conditions for the development of the national economy. 5) If their large factories are built on the seashores, factory wastes can be easily handled, and this will help improve the urban environment. 6) Tourist cities or tourist spots can be built on the seashores so as to develop tourism. Over the last few years, a number of economic and technological development zones have been built near seaports by open coastal cities. They are good, but need further consolidation. It is necessary to work out an overall plan for the rational utilization of coastal resources, the distribution of coastal cities and industries, and the construction of basic facilities in coastal areas.

#### Different Sizes of Sea Ports Should Be Built [subhead]

China has an 18,000-km-long coastal line, many islands and bays, but a few ports. The total length of berths in China's ports is scarcely 0.5 percent of that of the coastal line and is about one tenth of Japan's. There is much potential in sea transportation. Since the 1970's, China has concentrated its efforts on building modern berths with tonnages from 10 to 100 thousand. This is quite important to changing the backward situation in China's sea transportation and to developing the country's foreign trade. Taking account of the fact that China's territory is large, its land transportation is tight, and its waterway transportation is not fully utilized, localities should be encouraged to build small and medium-sized ports with 500 to 5,000 tonnage berths along with the construction of large and modern ports. Even in large port sections, small berths can also be built to coordinate with the operation of the large ports, thereby forming a combination between large, medium-sized, and small berths. This will bring about the following advantages: 1) Different port resources can be exploited rationally according to the depths of ports, thus allowing large, medium-sized, and small ships to carry out transportation. This is conducive to the development of sea transportation. 2) Small and medium-sized sea ports and

berths will facilitate direct waterway transportation between coastal areas and areas along the Chang Jiang. 3) This combination will help strengthen the transportation relationship between large ports and small and medium-sized ones and turn large port cities into the centers of distribution for commodities from small and medium-sized ports and the hinterland, thus enhancing the position and role of large port cities in imports and exports. 4) It will rationalize the distribution of the productive forces as well as cities and towns, and facilitate the formation of a port city network comprising different scopes of coastal cities and towns on the basis of the common development of large, medium-sized, and small ports. For this purpose, it is necessary to modernize land transportation between port cities and towns in coastal areas.

#### Commodity Fair Ready To Open in Guangzhou OW140036 Beijing XINHUA in English 0204 GMT 11 Apr 88

[Text] Beijing, April 11 (XINHUA)—China's 63rd export commodity fair is all set to open in Guangzhou in a few days, said Wang Pingqiang, vice minister of foreign economic relations and trade.

Since China first hosted the 30-day fair in 1956 in Guangzhou, the capital of coastal Guangdong Province and located near Hong Kong, each year has seen more and more transactions, Wang said.

In 1982, the government decided to shorten the month-long fair by 10 days to improve the quality and efficiency of negotiations, Wang explained, adding trade is now more involved than simply buying and selling, and the number of commodities dealt with at the fair has increased from 10,000 to 50,000.

When asked if fair organizers are going to run the fair any differently this year because of the reform of [the] country's foreign trade system, Wang said: "We want to replace the existing system, under which foreign trade companies are not held responsible for their profit and loss, with an overall responsibility contract system."

"Business will be conducted in a coordinated way with transactions made through flexible means," he said.

The Ministry of Foreign Economic Relations and Trade will invite some local officials in charge of foreign trade to attend the fair as deputy heads of ten of the 17 trade groups, Wang said, and this should make conditions better for localities to trade directly with foreign business people and learn more about the international market.

This year there will be 20 percent more foreign business people compared with last spring's fair, Wang said, and about one-third of the commodities to be available at the spring's fair will be new products.

As to future plans for the fair, Wang said, "not only will we continue to hold the fair, but we will also try our best to make it an even better commercial bridge between China and the rest of the world."

**High Expectations for Trade Fair**  
*HK150901 Beijing CHINA DAILY in English*  
*15 Apr 88 p 2*

[By staff reporter Chen Qu]

[Text] Guangzhou—China's exports have been showing steady growth so far this year, and the trend is likely to speed up as seen from the high expectations the Chinese trading officials have of the 63rd Guangzhou Trade Fair which opens today.

Wang Pinqin, vice-minister of Foreign Economic Relations and Trade and deputy director of the fair, told CHINA DAILY that the national export volume for the first quarter of this year increased by 14 per cent compared with the same period last year, signalling a good start to hopes for an increase over last year's volume of \$34.6 billion.

To achieve the aim will require a more active role from the two Chinese Export Commodities Fairs, which have brought in one quarter of the country's total annual exports over the past few years. This is why the present fair is being asked to contract more than the last spring fair, which saw business transactions of some \$4.26 billion.

Wang said he is optimistic about success because of sufficient goods supply as a result of China's sustained industrial growth and the good international market.

Wang said China's continued industrial growth, the policies of opening wider to the outside world and a developing domestic economy will facilitate the country's foreign trade.

Meanwhile, the deepening of the reforms of the country's foreign trade management system will further mobilize the activity of localities and enterprises in developing production for export, he said.

During the first three months of this year, the country's industrial output achieved an increase of 12.7 per cent over the same period last year and the trend is expected to continue. Meanwhile, the Western countries have been experiencing slow but sure economic growth which some economists predict will increase their buying power. The rise in the prices of primary products are conducive to the expansion of China's exports. That makes an increase in this fair's business transactions predictable, Wang said.

Official statistics show that altogether 31,600 foreign traders have been invited. The number is 15 per cent more than last year. The biggest increase in the number of foreign businessmen is from Oceania, 33.9 per cent up on last spring, followed by Africa (31.2 per cent up) and Europe (27.8 per cent up).

China's more than 30 provinces, municipalities, autonomous regions and cities enjoying provincial status have, beginning this year, contracted with the central government to meet their foreign trade target, which is the keel of China's foreign trade system reforms this year.

The foreign traders may discover some new faces in the composition of the leadership of 10 of the 17 delegations as a result of the heavy presence of officials from the country's 30 provinces, municipalities, autonomous regions and cities enjoying provincial status.

**Manufacture of Light-Duty Trucks in Southwest**  
*HK150635 Beijing RENMIN RIBAO in Chinese*  
*9 Apr 88 p 4*

[Report by Lin Gang (2651 4854): "China To Build a Light-Duty Truck Production Base in the Southwest"]

[Text] China will build another light-duty truck production base in the southwestern region. In their second pioneering efforts to turn military industries over to civilian needs, the defense enterprises in the third-line region, which originally manufactured guided missiles, aircraft, tanks, and artillery, will perform new exploits for the rejuvenation of the national car industry.

In the car industry, contradictions characterized by the lack of heavy- and light-duty trucks are very acute. The three light-duty trucks bases which the state established in the Beijing, Nanjing, and northeastern regions are all carrying out technological transformation. Since their output has not reached an appropriate scale, they cannot nearly meet the current and future development needs of the national economy. The establishment of a light-duty trucks base in the southwest will make the distribution of the car industry more rational.

In the past, the southwestern provinces have wanted to set up their own complete systems of the car industry. The result is scattered funds, numerous small but complete enterprises, and repetition at a low level. Thirty years have passed but they have not gotten anywhere. Practice has made all people, from the upper to the lower levels, realize that this is a blind alley. In running a car industry, it is necessary to take the road of "association, high starting point, specialization, and mass production."

The initial program of the project, which has been approved by the state, is to produce 60,000 trucks. The "Southwest China Joint Corporation for Light-Duty Truck Production" is not set up with state investments but is jointly founded by local industries and defense

enterprises in Yunnan, Guizhou, Sichuan, and Chongqing with an investment of 960 million yuan, which they have raised by pooling the scattered funds in various departments and regions. The company is expected to have an annual output of 150,000 trucks by the year 2000. Lu Dadong, director of the State Council's "Third-Line Office," said that such a multi-level association, which transcends provinces, departments, and trades and which integrates military and civilian production, is an outcome of the deepening and developing reform and is a pioneering exploration.

The southwestern company will take the new road of "developing the car industry from components and parts." The production of seven crucial parts has been assigned to various provinces and enterprises for specialized production. Sichuan will manufacture engines and steering mechanisms; Guizhou will handle transmissions and rear axles; Yunnan will produce the truck cabs, while the frames and front axles will be made in Chongqing. Assembly centers will be set up in the three provinces and one city and partially assembled units and components will be exchanged.

The company has selected a high-starting-point product, the Japanese Isuzu N-series light-duty trucks. This is a technological item transferred from the Beijing No 2 Car Manufacturing Plant, an associated company of the southwest company, after it was imported from Japan by means of combining technology and trade. For this reason, duplicate import can be avoided. Products with advanced technologies which are up to world standards of the mid-1980's, the Isuzu N-series trucks consume less oil, run at a high speed, perform satisfactorily, have many models, and can be used for numerous purposes. They are conducive to the speedy development of the market.

The Chinese Federation of the Car Industry has assigned the Chongqing Car Research Institute, which has rich resources, with the task of technological development for the southwest company. At present, the research institute is making intensive and arduous first-phase preparations for the application of Isuzu blueprints at home.

**Private Enterprise Regulations Drafted**  
*HK150902 Beijing CHINA DAILY in English*  
*15 Apr 88 p 1*

[By staff reporter Nie lisheng]

[Text] National regulations governing private enterprises, due to be promulgated later this year, have been drafted to promote the country's private sector through State guidance.

Jointly prepared by the State Council's Law Bureau and the State Administration for Industry and Commerce, the provisional regulations will define the organization of private enterprises and stipulate their legal status and independent rights to make decisions on management, employment and wages.

The regulations will also set application and registration requirements for running private enterprises and stipulate their tax liabilities and labour protection responsibilities.

Investors in private enterprises will be assured in explicit terms that the private sector is a necessary and helpful supplement to the socialist public sector; and that private investors have the right to own and inherit their properties.

According to a report by the State Administration for Industry and Commerce, China had a total of 115,000 private enterprises which employed eight or more workers at the end of last year. The total number of employees in these enterprises was about 1.847 million.

More than 70 percent of these private enterprises are operating in more developed rural areas along the coast. They are engaged mostly in manufacturing, ore-mining, transport and housing construction.

The report said lack of government regulations has hampered further development and better management of private enterprises.

Some private owners hesitate to go all out in their business endeavours because they fear the government may change its current policy of encouraging private enterprise.

There have also been cases of infringement upon the legitimate rights of private enterprises. In some areas, private enterprises have been levied excessive taxes or even blackmailed.

The report said government supervision of private enterprises has been poor. Some private firms have been found engaged in unlicensed dealings or tax evasion. Others lack adequate safety facilities and there are long working hours under poor working conditions, the report said.

The existence of these problems has shown the urgent need for national regulations on private enterprises so they can further expand their businesses under State support and supervision.

**GUANGMING RIBAO on Enterprise Distribution**  
*HK150327 Beijing GUANGMING RIBAO in Chinese*  
*2 Apr 88 p 3*

[Article by Xiao Min (5135 2404): "Tentative Views on Distribution According to Capital"]

[Text] The main distribution form in capitalist society is distribution according to capital. Socialist distribution according to work proposed by Marx and Engels is a distribution form under the prerequisite that the relationship between commodities and money does not exist in socialist society and that there are no other ownership forms except ownership by the whole people. Thus society can carry out distribution according to the amount and quality of work of laborers. During the initial stage of socialism, however, there is commodity economy and many ownership forms. Not only does distribution according to work bear the imprint of socialist commodity economy, there are also many individual distribution forms for consumer goods due to the existence of different ownership forms. This has given rise to the following characteristic in the distribution forms during the initial stage of socialism: Distribution according to work remains the main form in the entire society but there are also supplementary forms including distribution according to capital.

Distribution according to capital includes distribution according to funds. These two distribution forms exist in economic life during the initial stage of socialism. Following the development of the socialist commodity economy, a small number of private enterprises have appeared in some urban and rural areas and many Sino-foreign joint ventures or foreign-capitalized enterprises have been set up in these areas. Undoubtedly, these enterprises are of a capitalist nature and carry out distribution according to capital. These enterprises are necessary because they are conducive to the development of the country's productive forces and commodity economy. Similarly, distribution according to capital is also necessary in a certain sphere.

Distribution according to funds is a form adopted by socialist joint stock enterprises. In these socialist joint stock enterprises, state shares, enterprises' shares, and employees' shares are the sources of funds for production. Shareholders are entitled to dividends according to the number of shares they hold. In essence, these dividends result from distribution according to capital, but instead of being characterized by capitalism, this "capital" takes on a socialist nature. The egg laid by capital, that is, surplus value, is gratuitously possessed by capitalists; capital and exploitation are inseparable from each other. Under the socialist system, funds belong to laborers in different strata and fields who buy shares from enterprises. This is a type of investment. Therefore it is proper to provide certain remuneration to investors and shareholders. This is similar to providing depositors with interest on the money they deposit in banks. The difference is that buying shares involves more risks than

depositing money in banks. Evidently, distribution according to funds in socialist joint stock enterprises is carried out in the form of sharing dividends. This distribution form suits the development of the commodity economy during the initial stage of socialism.

Distribution according to funds in socialist joint stock enterprises is different from distribution according to capital in capitalist society, as is from socialist distribution according to the amount and quality of work. Under the form of distribution according to capital as practiced in capitalist society, capital is a means of exploitation and bears a prominent exploiting nature; whereas under the form of distribution according to funds as practiced in socialist joint stock enterprises, funds are invested as capital goods and stand for accumulation of previous labor. Under this form, surplus products are distributed among laborers according to the amount of work they have done. This distribution form will not give rise to exploitation but will instead merge with socialist public ownership. Of course, distribution according to funds in socialist joint stock enterprises is also different from distribution according to work. The former is carried out in the form of internal agreement between laborers according to the amount of previous labor, and "distribution according to funds" is only a means of implementing the internal agreement; whereas the latter is carried out according to the amount and quality of living labor, which stands for the actual creator of surplus products. Distribution according to funds can be carried out only on the basis of distribution according to work. Therefore distribution according to funds is only a supplementary form for distribution according to work.

**Shareholding System May Become 'Key' to Reform**  
*OW140104 Beijing XINHUA in English 0226 GMT*  
*11 Apr 88*

[Text] Beijing, April 11 (XINHUA)—A share-holding system could become a key in reforming China's state-owned enterprises, but at present, conditions are still not ripe for the wide implementation of the system, a leading Chinese economist said.

One of the most urgent tasks of China's economic reform is to turn state-owned enterprises to independent businesses which would be responsible for their own profits and losses, said Dong Furen, who is also vice chairman of the Financial and Economic Committee of the National People's Conference [as received].

Under the old economic system, the state-owned enterprises, which serve as the backbone of the country's economy, have always remained "eating from the same big pot," a policy which stifled industrial initiative.

To change this situation, a contract system is being tried out in state enterprises and has helped reduce administrative interference and bring enterprises back to life, Dong said.

The contract system, however, is not a standard on which one can base the market mechanism and it has limitations, the economist pointed out.

Under the contract system, enterprises can still resort to non-economic ways and means such as bargaining or good connections with related administrative departments or even unlawful measures to retain better conditions under the contract.

In addition, the quotas in the contract are likely to be affected by price-related factors, so implementation of the contract system could restrict price system reform, and vice versa, and changes in prices may "soften" the contract's binding force.

"This is why the contract system is not one of the reform's perfect elements," Dong pointed out.

When asked what the next step should be in reforming state enterprises, Dong said "a share-holding system is possibly another key."

Dong, who studied economics in the Soviet Union in the 1950's, said a share-holding system was long considered a product of capitalism and even he took a long time to change his idea.

"Many people in China have realized a share-holding system is one of the inevitable outcomes of the development of a market economy. The system's merits in absorbing capital and facilitating fund flow and in distributing risk are clear," the 61-year-old economist said.

"What is more important, a share-holding system can make property rights clear-cut, and make enterprise owners directly responsible for losses and profits," Dong said.

Dong is sure a share-holding system can facilitate continuation of the reform in state-owned enterprises and further liberate the forces of production.

The market system, especially the capital market, in China is still very underdeveloped, and the taxation system is backward, Dong said, so, it is still early for China to widely implement a share-holding system in the country's enterprises.

China's economic circles also has [as received] seen some pros and cons in the face of this type of system.

Some worry the system will change the ownership by the people under socialism.

Others argue, if it allows some units or individuals to earn profits via shares, the system would go against the socialist principle of "to each according to his work."

Still others worry the system may widen the gap in income.

"Implementation of a share-holding system will eventually depend on the continuation of the reform and breakthroughs in economic theory," Dong pointed out.

**Commentator Stresses Importance of Law of Value**  
*HK131411 Beijing JINXJI RIBAO in Chinese*  
22 Mar 88 p 1

[Commentator's article: "Study Something We Are Most Unfamiliar With—The Law of Value"]

[Text] The development of a socialist commodity economy has led us to the study of the law of value. Here, we must start to learn something we are most unfamiliar with, or else we will fail to effectively stabilize the economy, to effectively promote economic progress, and to correctly analyze and deal with new issues emerging in economic life.

Take, for example, 1984 when China's grain output reached 400 billion kg. Many of us failed to see how difficult it would be to scale a new heights, and we never expected that grain consumption in both the urban and rural areas could increase at the rate it did in recent years. We failed to think deeper that China's grain supply and demand are restricted by the fact that the per capita acreage of arable land remains at 1.5 mu. The overoptimistic assessment of the grain market based on the temporary "difficulty in grain-selling" led to some mistakes in the application of the price lever to regulate the grain market.

For another example, in early 1985 when the restriction on pork prices was lifted, the peasants were very enthusiastic about raising pigs. The days of pork rationing ended the very same year. However, in early 1986 the phenomenon of "difficulties of selling pigs" emerged nationwide because no prompt and necessary market regulating measures had been adopted. Pork prices dropped by a wide margin, and then the peasants in major pig-raising regions one after another began to kill their sows. This led to the short supply of pork in 1987.

Still another example. In 1985 when restrictions on vegetable prices were lifted, we saw a great improvement in the supply of high-grade vegetables. Even fresh cucumbers and tomatoes were available in the north in the dead of winter. However, low-grade vegetables with high production costs but which sold at low prices were not promptly regulated based on the law of value. Hence, the abnormal condition in the short supply of low-grade vegetables and the abundance of high-grade vegetables.

Such a phenomenon in recent years has provided us with the following revelations: On the one hand, the peasants' enthusiasm for raising pigs and growing grains and low-grade vegetables has been greatly weakened. This has taught us that the peasants know something about the law of value and are somewhat enlightened. They have begun to learn to pay attention to market price signals in terms of prices, with a sense of interest in comparison, and are spontaneously regulating their own production and marketing orientation. On the other hand, a great number of our comrades working in government organs and economic departments still lack practical experience and knowledge of the law of value. They fail to think of new and updated measures whenever a fluctuation in the market and demand-supply relations appears. They lack the ability to adjust to changes and the power to forecast. This has impeded the further development of the commodity economy. Reality has solemnly proposed a pressing need to the whole party, especially responsible cadres engaged in economic work: It is imperative to learn and to master the skill to govern the law of value in the practice of the commodity economy.

We should see that neglecting the role of the law of value was the major malpractice characterized by the old economic structure. It could only lead to the loss of vitality in economic control, and the continuous punishment by the "invisible hand" of the law of value. The replacement of the old structure with the new is under way, but reform is still continuing in an economic environment in which market mechanisms are still underdeveloped in an all-around way. Things resulting from conscious or unconscious neglect of the law of value will continue to occur. If we fail to see this point, we are sure to suffer. We will be at a loss whenever there is some fluctuation in the market, and we will even resort to old measures that we were used to in the old economic structure in dealing with new problems emerging in the course of reform.

Of course, the study and grasp of the law of value can only be conducted in practice. We are facing various economic contradictions as a developing nation; and we are expected to iron out relations between various aspects. In applying the law of value to analyze and to deal with problems in economic life, it is inevitable that some interests are involved and certain "confusion" may emerge. However, we should not neglect the law of value because of this. On the contrary, we should iron out economic relations and find a solution to the very complicated economic contradictions. In the final analysis, it is necessary to handle affairs based on the law of value, which is basic in developing a socialist planned commodity economy and which is the most serious teacher. For a fairly long period, we must study and experiment with this law until we master it with skill.

**Integration of Planned Regulation Detailed**  
*HK130439 Beijing RENMIN RIBAO in Chinese*  
*1 Apr 88 p 5*

[Article by Wang Jue (3769 3778): "Analysis on the Integration of the Socialist Planned Regulation With Market Regulation"]

**[Text] A Qualitative Line of Division Between Planned Regulation and Market Regulation [subhead]**

For a long period, there has formed a view seemingly incapable of being changed: Planned regulation represents the socialist relations of production, and is a characteristic of socialism. Market regulation represents the capitalist relations of production, and is a characteristic of capitalism. The two are opposed to each other and irreconcilable. Obviously, without making things clear about this view, it is impossible to accelerate and deepen reform.

The essence of planned regulation lies in control. The characteristic of such control is that the control organ, on the basis of the relations of feedback between information input and output of the economic system being regulated, make use of such information to obtain output for the benefit of the regulated economic system, to attain the aim of regulating the operation of the economic system and bringing it in line with the value expected by the control system.

Objective economic conditions arising from planned regulation represent social mass production, be such social mass production the product economy or the commodity economy. The target of planned regulation is the system of operation of various economic elements with their cause and effect interrelations arising from social division of labor. No matter what the social nature of the control system, it always has given needs or aims. To realize its own aims, the control system must balance differences between the actual value of the operation of the economic system and the target value expected to be realized. Such a method, or means of balancing differences is planned regulation.

A given degree of planned regulation also exists in capitalist society. For example, Keynes's theory of effective demand, Friedman's currency theory, and Sauey's theory of supply creating demand all have to do with knowledge about the operation of the capitalist economic system. They respectively held up these theories as criteria, advocating "control of demand," "control of supply," or "control of currency supply" as being applicable to the capitalist economic system. On the basis of knowledge of information on the operation of the capitalist economic system in different periods of time, the government of the capitalist state as the control system establishes certain means to control the operation of the capitalist economic system, to realize the expected value of the control system. This finds expression in a given degree of planned regulation. With the help of experts in

**the theory of control, the Board of Governors of the U.S. Federal Reserve System uses the best means of control in formulating control policies involving alternate unemployment and inflation to regulate the U.S. economy. This is a manifestation of planned regulation.**

**In sum, planned regulation is a means of control and is a way. In itself, it does not represent the relations of production. Moreover, its occurrence also has no natural connection with the peculiar nature of the relations of production.**

The market is a place, or an economic process for the realization of the role of the law of value. Market regulation is the operation of the law of value to bring about a balance in the economic system. For example, the interaction of the elements of supply and demand gives rise to competition. Competition also gives rise to price fluctuations centering on value. Such price fluctuation information is accepted by market participants and used as a basis for readjusting their own supply or demand. There is thus established a balanced market system to which both supply and demand can adjust. Therefore, market regulation is also a formula or way in regulating the operation of the economic system.

The market, and market regulation are the natural product of the commodity economy. History has so far witnessed three versions of the commodity economy, that is, the small commodity economy, the capitalist commodity economy, and the socialist commodity economy. They not only show that there are different historical versions of the commodity economy but also indicate that different historical versions of the commodity economy have common origins. In this sense, we can say there is no natural connection between the emergence of the commodity economy itself and given relations of production. The commodity economy originates from a given degree of development of productivity as its creator. A given formula of production that combines workers with the means of production originates from individual labor with peculiar economic interests and the social labor system of division of labor made up of such labor. Socialism is still marked with the existence of the commodity economy, also because there still exist productivity-related conditions for individual labor determining special economic interests and the social labor system of division of labor created out of it. It is only because of a change in ownership that there have been new changes in the historical pattern of individual labor. The pattern of integrated labor as parts of the whole has been followed, while the pattern of integrated labor as a whole for social labor has been achieved.

Planned regulation originates from social mass production, no matter what the relations of production under which such social mass production is carried out. Market regulation originates from the commodity economy, no matter what the relations of production under which the

commodity economy is practiced. Therefore, the socialization of commodity production, or a socialized commodity economy determines the coexistence of planned regulations and market regulation being possible.

The subject that acts in planned regulation is the control system, or the control organ in the big social economic system. The subject that acts in market regulation is the participant in market activity. Planned regulation and market regulation share the same feature. It is that under the guidance of the expected value specified by a given aim, how resources are to be deployed, or how overall social labor is to be distributed among various sectors.

The socialization of commodity production shows that market regulation is not market regulation as an isolated area, an isolated subsidiary system, or an isolated economic element. Instead, it is market regulation with various areas, various systems, and various economic elements at work with cause and effect interrelations. Therefore, its being in a good or bad state depends on control and regulation by the economic system. In this sense, market regulation is market regulation with planned regulation as a prerequisite. On the other hand, the socialized commodity economy also shows that such planned regulation cannot be divorced from the commodity economy and the market. It is planned regulation with the commodity economy and the market as natural conditions necessary for its existence. The means upon which it relies to assert its role also rely on the commodity economy. Only by using a series of categories of value, such as pricing, tax rates, interest rates, exchange rates, wages, currency supply, and so forth can planned regulation of the commodity economy operate.

It can be seen that the traditional concept of treating planned regulation and market regulation as the socialist relations of production and the capitalist relations of production respectively and as something opposed to each other is not right.

#### **Internal Unity Between Planned Regulation and Market Regulation [subhead]**

The above shows that planned regulation and market regulation are not opposed to each other. But it has not been made clear that planned regulation and market regulation have partaken of the nature of being internally unified. Such internal unity lies in planned regulation and market regulation transforming into each other and in resources deployed by the control organ in the economic system in line with the expected value specified by a given aim and the resources deployed by the market participant in line with the expected value specified by a given aim transforming into each other and serving the same cause through different approaches.

It should be noted that the demands of these two ways of deploying resources are likely to be inconsistent and even contradictory. Whether they can transform into

each other, with internal unity between planned regulation and market regulation realized depends on the nature of the relations of production in the society with such a socialized commodity economy, or the nature of the relations of ownership of the means of production as the sum of the relations of production. Capitalism and socialism both represent socialized commodity economy societies, with planned regulation and market regulation existing to different degrees. But the socialist commodity economy is different from the capitalist commodity economy, as far as the basis for the system of ownership is concerned. One represents private ownership, and another public ownership. Due to this basic difference, the state of interrelations between planned regulation and market regulation, and the influence of such a state on the operation of the social economic system and its consequences are fundamentally different, as far as capitalist society and socialist society are concerned.

The capitalist system of private ownership enables individual labor as the basis for the commodity economy to follow the pattern of private labor, or capitalized individual labor that exploits others' labor. Such private labor forms the basis for the system for the operation of the capitalized commodity economy and dictates the deployment of resources. The aim of capitalized individual labor is to pursue surplus value. The expected value specified by this aim is the maximization of surplus value. What such individual labor has to consider in the market is how to deploy resources at its own disposal to realize the maximization of surplus value. But the capitalized nature of individual labor determines the realization of the maximization of surplus value being necessarily accompanied by two obstacles difficult to overcome. One is surplus value produced surpassing demand that society can afford to pay for, thus making the realization of a relevant portion difficult. The other is the waste of resources caused by the state of anarchy among various individuals as capitalized labor. Therefore, the operation of the capitalist economic system costs the waste of a large amount of resources. This state obviously does not help toward realizing the aim of maximizing surplus value. This urgently calls for a control organ capable of controlling and regulating the operation of the capitalist economic system. But the aim of capitalist planned regulation is not to change the capitalist system of ownership but to relieve the consequences caused by this system, with acts such as control of unemployment and alleviation of the crisis. Therefore, this kind of planned regulation is incapable of fundamentally eliminating crises and the waste of resources and of fundamentally overcoming an imbalance in the operation of the economy. Nor is it capable of fundamentally satisfying the demand of capitalized individual labor for the realization of the maximization of surplus value.

Unlike the capitalist commodity economy, the socialist commodity economy with public ownership of the means of production as its basis does away with exploitation. The fundamental interests of integrated labor as a

whole and various parts of integrated labor that make up the whole are consistent. Fundamentally speaking, the aim of social production and the aim of enterprise production are both to satisfy the needs of all the people in their material and cultural life. The expected value specified under this common aim for organizations represented by integrated labor as separate parts, and the control organ in the social economic system, is the maximization of necessary value (net value). Therefore, generally speaking, planned regulation and market regulation are capable of transforming into each other. This is to say that the deployment of resources by the control system can realize the aim of organizations represented by integrated labor as parts. The deployment of resources by the latter organizations can meet the demands or expectations of the control organ. Of course, the macroeconomic position in which the control organ is placed in the socialist economic system dictates its deploying resources with the long-term interests of all the people and the interests of the whole in mind. Thus, in the deployment of existing resources, definite contradictions will also take place between the immediate interests of it and the organizations represented by integrated labor as parts and the interests of individual laborers. The improper handling of these contradictions will also form a hindrance to the best deployment of resources. But these contradictions have no contradictory nature. So long as the way of handling things is proper, a solution can be found. The socialist commodity economy established on the basis of public ownership provides a possibility for all society consciously maintaining the harmonious development of the national economy. Our task is to turn such a possibility into reality by skillfully applying the two patterns and means of planned regulation and market regulation.

#### The Unified Pattern of Planned Regulation and Market Regulation [subhead]

Given the socialist commodity economy, in the transformation of planned regulation and market regulation into each other, the medium between the control organ in the social economic system as the subject that acts macroeconomically and various subjects that act as participants in the market is the market. Internal unity between planned regulation and market regulation calls for planned regulation being based on market regulation. Such unity must and can also be realized through market regulation. On the other hand, market regulation must and can also act under the guidance of planned regulation, with planned regulation thus realized. In other words, internal unity between planned regulation and market regulation assumes the form of unity of behavior that is something in between macroeconomic behavior as the subject and microeconomic behavior as the subject, with the market as the medium. I call this form of internal unity as the planned market pattern.

In the planned market pattern, the target of regulation of the control organ in the economic system is a series of macroeconomic sum totals and major macroeconomic

proportionate relations. The center of control and regulation is the distribution of national income. Through regulating the distribution of national income, we control social overall demand and its mix, and regulate a balance between overall social supply and overall social demand regarding quantity and composition, regulate the industrial mix, regulate the direction and pace of the operation of the economic system, and regulate the relations of interests between the state and the subjects that act microeconomically. The influence of the control organ on the subjects that act microeconomically is exercised through consciously applying a series of categories of value, such as pricing, tax rates, interest rates, exchange rates, wages, currency supply, and so forth, thus creating fundamental conditions conducive to the long-term and steady development of the national economy and bringing about a linkup between microeconomic decisions of market participants and macroeconomic goals of the state. Through such regulation, enterprises as the subjects that act on a microeconomic basis establish a balance between individual amounts microeconomically, deploying their own resources in the best possible way and striving to realize the maximization of necessary value. Therefore, in terms of the characteristics of overall control, the control organ's relations with market participants manifest themselves as a way of indirect control. Meanwhile, necessary direct control is not surrendered. For instance, certain mandatory targets may be handed down to market participants. The aim is to make up for the defect of inadequate market forces and guard against certain negative consequences of the role of the market mechanism. With a market still less than perfect and the means of planned regulation still less than perfect, we especially cannot freely give up necessary direct control.

It can be seen that unity between planned regulation and market regulation takes the form of "the state regulating the market and the market guiding enterprises," and has the features of a composition of the state—the market—the enterprise. Given such a form of a composition, the state, with the establishment of a series of economic parameters and the creation of a market environment, guide the smooth operation of the whole social economic system through regulation and through coordinating the relations between macroeconomic and microeconomic interests.

Our original pattern of planned regulation is characterized by the exclusion of market regulation and mandatory planned regulation of a material nature. The switch-over from such a pattern of planned regulation to the target pattern of a planned market naturally involves multiple difficulties to be overcome. After a relatively long process, there will also appear a transitory or intermediary pattern in between. We must not only strive to cushion the impact in the process of reform but also especially firmly and unswervingly rely on accelerating and deepening reform to solve various contradictions and difficulties encountered in reform.

**Land Tax Reserved for Agricultural Development**  
**HK150637 Beijing RENMIN RIBAO in Chinese**  
**8 Apr 88 p 4**

[Report by Wang Jingu (3769 6930 7711): "Vice Finance Minister Xiang Huaicheng on Use of Taxation To Develop Agricultural Production"]

[Text] At a national work conference on cultivated land tax, which opened today, Vice Finance Minister Xiang Huaicheng pointed out: In accordance with the principle of "what is taken from land is used in the interest of land," payment of cultivated land tax will be used to develop agricultural production. This year the payment of cultivated land tax will be divided half-and-half to both the central and local authorities; the portion to the central authorities will be collected by contracting quotas to the local authorities and the whole excessive amount of the tax revenue will go to the local authorities.

Xiang Huaicheng said: A year has passed since the promulgation of the "PRC Provincial Regulations for Cultivated Land Tax." However, the task of collecting taxes has not been accomplished satisfactorily because leaders of some local departments failed to give strong support and pay adequate attention to cultivated land tax.

Xiang Huaicheng pointed out: To ensure a stable increase of agricultural output, and particularly of grain output, it is necessary to exploit the resources of cultivated land in a planned and systematic way and by making the focal points stand out. The central authorities will concentrate payment of cultivated land tax for the development of agricultural production. Leaders at various levels should strengthen the idea of proceeding from the overall interests of the state, take the lead in applying the state tax regulations, support tax bureaus in their effort to collect taxes, and supervise the units under their leadership to pay taxes according to law and not to disturb and hinder the work of tax collection. The State Council has decided to collect cultivated land tax in 1988 by contracting quotas to the local authorities, and the whole excessive amount of the tax revenue will go to the local authorities, and if the quotas assigned to the local authorities cannot be fulfilled, they must be made up from the local treasury. The 1987 payment of cultivated land tax which could not be collected should be collected this year. No regions and departments are allowed to lower the amount of tax to be paid and to enlarge the scope of tax reductions and exemptions at their own discretion. Financial departments have the right to refuse any documents relating to tax reductions and exemptions which are issued by certain departments which overstep their authority. Fees which are charged to land reclamation units should be no longer collected as they also pay cultivated land tax; otherwise their burden is too heavy.

Xiang Huacheng stressed: Payment of cultivated land tax should only be used as designated. The sum of money concentrated by the central authorities from cultivated land tax will be used in a comprehensive and planned way for land exploitation in some key areas and construction of commodity grain bases; at present the money is mainly used for the development of the Sanping Plain in northeast China and of the Huanghe valley and the Huihe valley. The allocation of tax payment to the local authorities will also be used for land exploitation and improvement of the existing cultivated land. Anyway, the allocation should be spent for authorized purposes only after it has been really collected.

**Commentator Questions Agriculture Fluctuations**  
*HK130209 Beijing RENMIN RIBAO in Chinese*  
*30 Mar 88 p 1*

[Commentator's article: "Control Agriculture Amid Fluctuations"]

[Text] Over the past few years, the output and prices of some main agricultural products have been high one moment and low the next. The producers and consumers have been perplexed by these alternate fluctuations and have had various questions. What do the fluctuations mean? Does agricultural production shrink or is it an inevitable phenomenon when the agricultural product economy moves toward the commodity economy? This is a common problem for which the people have shown concern. Correctly understanding the fluctuations is very necessary for us to understand correctly today's situation in the rural economy and to know the new problems and new situation emerging in the course of reform so that we can cope with the fluctuations, diminish fluctuations, and enable agriculture to advance more steadily in the course of fluctuations.

It does not begin today that fluctuations in agricultural production are unavoidable. In the past when the policy of the planned single-product economy was implemented, annual fluctuations in agriculture also occurred often but those were caused mainly by several factors, including natural disasters or inappropriate plans. Today's fluctuations in agricultural production are caused surely by natural disasters but more of them are affected by the market prices. In the latter circumstances, the market causes fluctuations in production and in turn the fluctuations in production affect the market fluctuations. Both of them are related to and react to each other. For instance, under the guidance of the market price signal, the production of a large amount of agricultural and sideline products, including pigs, jute, bluish dogbane, and rabbit hair, has shrunk and inflated periodically over the past few years. Such fluctuations just show that the connection between agricultural production and the market of our country has been strengthened greatly today. Without the development of commodity production, there are no market fluctuations and the market role cannot be strengthened apparently. In a sense, this is an expression of the progress in production and the

enhancement of the degree of commercialization as well as a sign of the historic change in the general agricultural level and operation mechanism. In fact, as a form of the regulation of production by the market, fluctuations may possibly bring about unrest in the economic life and cause a loss in production on the one hand; and promptly pass the signal of the market demand onto the producers and use an invisible force to direct the peasants and government on the other. If we can adapt ourselves to and utilize this mechanism, we can readjust agricultural production unremittingly and better the industry mix in the course of fluctuations.

Why then can the fluctuations in agriculture bring about so many perplexities and worries to the people? Here there are of course reasons for causing unrest in production and consumption by the fluctuations and the more important reason is that we lack the necessary mental preparations for living under the conditions of the commodity economy and do not understand and we even fear the market disturbance as a person who is accustomed to life on land feels afraid when he comes across a storm on the sea. He does not know that tossing around is an occurrence in navigation and a ship always advances while it is being tossed around. It is no use fearing the unavoidable market fluctuations. We cannot escape them but can only guide our action adroitly according to circumstances, seek the advantages, and circumvent harm. The second reason is that we do not quite understand the law of that commodity economy and adapt ourselves to it. Sometimes we cannot prevent and alleviate the serious fluctuations according to the law of value but on the contrary, aggravate the fluctuations intentionally or unintentionally. For instance, the supply of grain is greater than demand in our country before and after 1984 and we did not regulate and control this situation in good time but on the contrary, took actions which ran counter to the rational regulation of the market. Peasants sold grain and the state also sold grain, resulting in the aggravation of the contradiction that supply was greater than demand in the grain market and in the passing of a false signal onto the producers. The same thing happened to pig production. The time when output is high is just the time when low output begins; the time when output is low is just the time when high output starts. We could not discover this change promptly and did not adopt corresponding measures to regulate and alleviate this situation but conversely, took some actions, such as forcing grades and prices down when output was high and rushing to purchase and forcibly purchasing when output was low, to aggravate the fluctuations. This shows that we have lacked experience in and knowledge of the market and commodity production. Economic development and economic reform is a process, production itself needs gradual development, the market needs development, it takes time for the two mechanisms to change, and it appears that the people's experience also needs a process of gradual accumulation.

What is important is how to adapt ourselves to this change as soon as possible, how to learn the skill to cope

with the market and fluctuations at an early date, and is not to do the stupid things, such as running counter to the economic law. The facts prove that the market fluctuations are unavoidable but we can cope with and mitigate these fluctuations completely. Commodity production itself is a very good teacher. We can understand and utilize fluctuations and grasp the initiative for overcoming the disadvantageous fluctuations only in the course of fluctuation. We believe that only by adhering to reform, promoting the market development, enhancing the commodity production level, and accumulating experiences for a long time can people react to fluctuations conscientiously rather than relatively blindly.

**Tian Jiyun Urges Developing Grain Production**  
*OW130444 Beijing XINHUA Domestic Service  
in Chinese 0822 GMT 9 Apr 88*

[Text] Beijing, 9 Apr (XINHUA)—At the national conference on taxation for the use of arable land held yesterday, Tian Jiyun, vice premier of the State Council, pointed out emphatically: To ensure the continuous development of China's national economy and improve the people's living standards, we must further promote China's agricultural production, especially grain production. Currently, peasants in some localities are experiencing difficulties selling their grain crops. This basically is an issue concerning grain procurement work. It is not because we have an excess supply of grain. The areas and departments concerned must adopt measures immediately to handle surplus grain crops that the peasants want to sell after fulfilling their contracts to supply grain to the state. They must purchase the entire amount of such surplus grain crops. Under no circumstances should they refuse to purchase them, thus protecting and further whipping up peasant enthusiasm for growing grain crops.

Tian Jiyun said: In general, the current agricultural situation in China is good. In 1985, the output of major agricultural products, mainly grain and cotton, dropped owing to various reasons. However, the output of such farm products has begun to rise in the past 2 years, owing to the proper measures taken by the central authorities and the State Council. Especially in 1987, the output of major farm products increased on a fairly large scale as compared with that in 1986. Actually, the grain output was the highest in history. The targets in grain and cotton procurement were fulfilled quite well in 1987, and the number of hogs in the market rose again. This year, a series of measures have been taken, and grain output is expected to go up if there is no major natural disaster.

Tian Jiyun pointed out: Agriculture is the foundation of the national economy. Following the continuous development of the national economy and the improvement of the people's living standards, higher and higher demands have been imposed on agricultural production. Therefore, China must further develop agriculture, particularly grain production. Currently, peasants in some localities are experiencing difficulties in selling their grain crops. This is not because we have an excess supply

of grain crops. The main reason is that the grain procurement work has not been carried out well in some localities. The governments and the departments concerned at all levels must adopt measures to handle the surplus grain crops that the peasants seek to sell after fulfilling their contracts to supply grain to the state. They must purchase the surplus grain crops on time and according to a predetermined price set to safeguard the interests of the peasants. Under no circumstances should they refuse to purchase such surplus grain crops. After the grain crops are purchased, measures must be taken to store, transfer, and ship them safely. Measures should also be taken to guard against mildew and rot. We must inform the peasants correctly that the supply of grain crops is not excessive but is quite insufficient and that grain production must be further increased. This thinking must be reflected in this year's spring farming.

Tian Jiyun said: It must be realized fully that to further develop China's agriculture is an arduous task and that we must exert enormous efforts to achieve this task. He suggested several important measures to further develop China's agriculture:

- deepen rural reforms;
- improve relevant policies;
- rationalize the relations between agriculture and other trades and between agriculture and other farm industries;
- popularize science and technology effectively;
- increase investments in agriculture; and
- strengthen agricultural development.

He emphasized particularly the need to concentrate our efforts in developing and expanding agricultural resources. He said: China is a vast country with rich natural resources. There are large tracts of barren hills, neglected mountain slopes, wasteland, and unclaimed water surfaces and beaches as well as farmland of medium and low yields. There is tremendous potential to develop agriculture. We must not rest on our laurels in promoting agriculture. We must strengthen our efforts to carry out our development projects. This is a measure of strategic significance in further developing China's agriculture. We must not indulge in empty talk. We must do things step-by-step in a planned and down-to-earth way. From this year, the state will first pay attention to opening up the Sanjiang Plain in Heilongjiang, the Huang He Plain, the Huai He Plain, the Hai He Plain, and the coastal beaches of the Jiaodong region and to building the sugar-producing centers of Guangxi, Yunnan, and Xinjiang and the meat-producing centers of the various provinces and regions. Later, the state will further develop such areas and expand such centers gradually on

the basis of local conditions. Various areas must also pay attention to developing agriculture in a planned way on the basis of their own local conditions.

Tian Jiyun pointed out: To further develop China's agriculture, particularly grain production, we need considerably vast financial resources. The tax on the use of arable land is an important source of revenue for the development of agriculture. We must pay attention to collecting this tax. We must ensure that all the tax on the use of arable land is collected according to law and that no one is allowed to overstep his authority in permitting tax reductions or remissions. Still less should one refuse tax payment without good reason. We must do a good job in managing this fund and ensure that the money coming from peasants is used for farming and not used for other purposes. We must adopt measures to use special funds for special purposes, to support what is good, and to link investment with output. We must make good use of this fund to achieve even greater results.

At the conference, Wang Bingqian, state councillor and minister of finance, called on the financial departments at all levels to strengthen their organizational work, do a good job in levying the tax on the use of arable land and in managing and using this fund, and make contributions to developing China's agriculture.

**Commentary Criticizes 'Urban Bias' of Policies**  
*HK131440 Beijing NONGMIN RIBAO in Chinese*  
*1 Apr 88 pp 1,2*

[Commentary: "Urban Bias in Making Policy Decisions—Behind Doing Things Against the Law of Value"]

[Text] Following the restoration and rapid development of agriculture over the years, the production of principal farm produce including grain has fluctuated and even stagnated. This has now become a popular topic.

A number of experts appealed to the whole society to acquire a better understanding of the question of agriculture. The delegates to the NPC criticized the tendency of neglecting agriculture and called for placing agriculture in an appropriate position and adopting feasible measures to put an end to this state of affairs.

**Examine the Question of Agriculture Realistically [subhead]**

It is true that China's principal farm produce, grain production in particular, has fluctuated over the past 3 years. If the first signal of the sharp decrease in grain output issued in 1985 could not alert the people to the possibility of failure in the midst of success, the problems in agricultural production over the past 2 years have served as another signal. Following the decrease in grain output, the output of cotton and other industrial crops decreased in 1986. When the production of grain and cotton had not yet reached an all-time high in 1987, the number of pigs in stock dropped nationwide. As a

result, many large and medium-sized cities had to resume the practice of rationing pork, eggs, and sugar. The "vegetable baskets" of urban inhabitants were often empty because of soaring vegetable prices. As a result of the shortages of grain, pork, eggs, and sugar, the price of food products which used these as raw materials increased either openly or covertly. Hence, the public grumbled and even adopted a skeptical attitude toward the policies implemented in rural reform, including the system of contracted responsibility based on households with payment linked to output, since the 3d Plenary Session of the 11th CPC Central Committee.

Will recognizing realistically the problems in agriculture lead to negation of the overall rural situation? Such a worry is unnecessary. No one can deny the remarkable successes achieved in China's rural reform since the 3d Plenary Session of the 11th CPC Central Committee. Even though we did not repeat the miracle successes achieved in the past, the rural economy as a whole presented a favorable trend in 1987. Nevertheless, we should not follow the past practice of covering up the defects and mistakes by comparing "nine fingers with one" and thus ignore the subjective mistakes and objective difficulties by simply regarding them as "problems arising in the course of advance" and fail to find the cause and solution. Otherwise, it will be difficult to further develop production of grain, cotton, and other farm produce and to fulfill the tasks set forth by Acting Premier Li Peng in his government work report: "By the end of this century China's grain production should reach 500 billion kg, an average annual increase of 8 billion kg."

**The Cause of Fluctuations [subhead]**

People cite a number of reasons for the fluctuations in agriculture. The essential one acknowledged by the public is doing things against the law of value. Now it is time to sum up experience and draw a lesson. Besides acknowledging the practices of not following the law of value, we should try to find out the reason. Our departments and comrades certainly understand that the law of value is the basic law governing a commodity economy. They have failed to follow this law because of the ideological influence which regarded industry as superior to agriculture and because of the urban bias in policy decisions. If the question of not following the law of value is discussed in general, why then can we tolerate or allow the price increase of capital goods for farming, but cannot tolerate or allow the price increase of farm produce? Why should the peasants suffer at every turn? This question deserves consideration and attention.

It should be noted that improvements have been made in this regard since the 3d Plenary Session of the 11th CPC Central Committee. The session adopted 25 policy measures to accelerate agricultural development which included increasing the prices of farm produce and implementing the responsibility system. The documents No 1 issued in successive years later deepened rural

reform unwaveringly, safeguarded the material benefits and democratic rights of the peasants, and had a great impact on the traditional urban bias. To this end, China achieved universally acknowledged successes in agricultural production. However, the "urban inclination" is not eliminated totally. The problems in the production of farm produce over the years have proved this point.

Let us look at the following facts:

#### Facts Can Elucidate the Problems [subhead]

—In recent years, investment in fixed assets continued to expand in urban areas forming a sharp contrast to investment in agriculture which sank to its lowest rate in history. Although the excessive investment in fixed assets was brought under control last year after repeated injunctions from the central authorities, there are still some 20,000 projects which have just started. Moreover, ex-budgetary investment has exceeded the plan. According to calculations by relevant departments, the newly started projects and those under construction total over 60,000. Even if we do not add a single project from now on, it will take around 3 years to complete these projects. No wonder some comrades sighed with emotion: The urban areas spend hundreds of millions of yuan extravagantly to build guesthouses and office buildings at state expense, while the small investment in agriculture has to be consulted over and over again until it can be ensured.

—The price scissors for industrial and agricultural products that were narrowed after the 3d Plenary Session of the 11th CPC Central Committee have been widened again. A report from Shaanxi said that the price scissors widened by around 10 percent in 1985. The exchange rate for early rice and farm materials from 1983 to 1987 presented by Tuanqiao village in Ningbo, Zhejiang is really convincing. In 1983 the village could exchange 177 kg of carbon ammonium, or 18.4 kg of nitrofuran, or 71.8 kg of diesel oil, or 502 kwh of electricity for 100 kg of early rice. In 1987 the village could only get 143 kg of carbon ammonium, or 11.1 kg of nitrofuran, or 65.5 kg of diesel oil, or 160.9 kwh of electricity for 100 kg of early rice. The doggerel "high price for chemical fertilizer, negotiated price for oil, and low price for farm and sideline produce" prevailed in the rural areas in Fengcheng county, Jiangsi. According to the estimate of some experts, because of the price increase of capital goods for farming, the per mu costs of major crops in 1985 increased by 51 percent over those in 1978.

—Actuated by their own interests, some departments tried by every means to cheat the peasants and exact charges from them. When there is a shortage of goods, they set up checkpoints at each level and monopolize supply and marketing; and when there is an ample supply of goods, they try to force prices down or simply wash their hands of the business. The restrictions lifted in some localities were imposed again. Consequently, the pig, sweet potato, and silk cocoon wars burst out one after another. They seemed to be frictions between the

new and old systems. Actually, they were struggles for benefits between the departments or locality on the one hand and the peasants on the other.

Never belittle the "urban bias." The idea of regarding cities as superior to rural areas has consciously or unconsciously become a reasonable concept for many localities and departments to think over problems, work out plans, and do things, thus leading to the following incomprehensible, strange phenomenon: First, many problems exposed in agricultural development have drawn the attention of relevant departments and are solved only through the tortuous feedback from urban economic life. In other words, people think of agriculture when they are hungry, but forget about it when they are full. Second, as "forget" and "think" depend to a great extent on "full" and "hungry" in urban economic life, the same mistakes in agriculture occurred time and again. We forgot the pain when the wound was healed and failed to draw a lesson though we were punished on several occasions. Third, understanding is divorced from practice. We attached importance to agriculture in words, but neglected the issue in deeds. During the fifties we put forward the principle of developing industry and agriculture simultaneously and advanced the theory "agriculture is the foundation of the national economy." During the early sixties it was further reported that the national economic plan would be arranged according to the sequence of agriculture, light industry, and heavy industry and that the peasants should not be extorted excessively. That thinking summed up from both positive and negative experience and lessons is extremely profound even viewed from the current angle.

#### History Guides People's Thinking [subhead]

History guides people's thinking. Instead of overcoming the "urban bias" in understanding alone, we should find out the reason from the structure and seek a way out through reform.

As analyzed by some experts, on the one hand, as agriculture is a primary industry, it is inferior to industry in improved agrotechniques, increased labor productivity, attainment of direct economic results, and investment attraction. As the peasants do farm work on a household basis and assume sole responsibility for their profit and loss, they are not systematically organized. Thus, they are not equal to the urban inhabitants in representing their own interests and holding dialog with the government. This is also an essential reason for the urban bias in policy decisions which placed agriculture in a passive and unfavorable position in the development of commodity economy.

On the other hand, since the founding of the PRC, we have taken the road of accumulating industrial funds through price scissors and requested the peasants to make contributions and sacrifices. For this reason, we maintained the dual structure in urban and rural areas and replaced the commodity exchange system with the

distribution system based on state monopoly for purchase and marketing which resulted in the vicious cycle of developing cities at the expense of rural areas and developing rural areas at the expense of natural resources.

Thanks to the introduction of the market mechanism through the 8 years of rural reform, including the implementation of the contracted responsibility system with payment linked to output and reform of the system of state monopoly for purchase and marketing, the peasants now have the decisionmaking power over production, operation, and commodity exchange. They have provided the consumers with the opportunity of making their choices at the market. This actually changed the unfavorable position of the peasants in an important aspect and created the conditions for overcoming urban bias. Take grain for example: The peasants' reaction to the low purchase price of grain and the high price of capital goods for farming, an irrational phenomenon against the law of value, has been different from the past.

The peasants are now enthusiastic in developing a commodity grain, but not in growing grain. Following restrictions lifted on the prices of aquatic products and fruit, the output increased. Thus, the peasants reduced labor and capital input in grain production. In light of the feedback, the departments concerned had to adopt appropriate readjustment measures with the available conditions.

The question at present is to uphold and deepen both rural and urban reforms. When reform has developed to the extent in which the peasants can truly become independent commodity producers and can carry out commodity exchange with the cities on an equal basis, and the urban enterprises can also truly become independent commodity producers with the capacity of self-development and can bear the difficulties arising from the exchange between industrial and agricultural products at equal value, then the relations between urban and rural areas will be free of bias and present a new situation of coordinated development.

### East Region

#### Experts Discuss Huanghe Delta Development

OW150040 Beijing XINHUA Domestic Service  
in Chinese 1511 GMT 13 Apr 88

[By DAZHONG RIBAO reporter Xing Zuoyue and XINHUA reporter Lu Yuan]

[Excerpts] Beijing, 13 Apr (XINHUA) — We should make the dormant Huanghe Delta productive as soon as possible. This was the unanimous appeal made by the participants in a forum on development and construction of the Huanghe Delta held by the Shandong provincial authorities in Beijing yesterday. [passage omitted]

Recently, Shandong Province has laid down an economic development strategy of "opening the eastern part and developing the western part" and put the development and construction of the Huanghe Delta as an important item on its daily agenda.

Some 20 experts and scholars in Beijing attended the forum on invitation. They included Fei Xiaotong, Qian Weichang, Yu Guanguan, Hou Guoben, Luo Hanxian, Gao Tian, Chen Shupeng, Wu Xiuping, and Feng Zhijun. Also present were leading comrades of the State Planning Commission, the Ministry of Finance, the Ministry of Agriculture, the Ministry of Water Resources, the Ministry of Energy Resources, and the Ministry of Communications; and responsible persons of some academic organizations.

The leading comrades, experts, and scholars expressed their views in the lively discussion. [passage omitted]

Jiang Chunyun, Shandong governor, and Li Zhen, chairman of the Shandong People's Congress Standing Committee, said that with the support of the state, Shandong is determined to work vigorously in self-reliance to accelerate development and promote economic construction in the Huanghe Delta.

#### Chen Guangyi Chairs Fujian Committee Meeting

OW150012 Fuzhou FUJIAN RIBAO in Chinese  
2 Apr 88 p 1

[By Lin Zhenping of the General Office of the Fujian Provincial CPC Committee]

[Text] The Fujian Provincial CPC Committee held a Standing Committee meeting on the morning of 1 April. Comrade Chen Guangyi presided over the meeting.

The meeting conveyed and studied the guidelines set by the 2nd Plenary Session of the 13th CPC Central Committee and the 2nd Plenary Session of the Central Discipline Inspection Commission. The meeting also decided to hold in the near future the 8th Plenary Session of the 4th Fujian Provincial CPC Committee to review how the tasks set by the 7th Plenary (Expanded)

Session of the 4th Fujian Provincial CPC Committee had been carried out, to discuss further measures to be taken to implement the coastal areas' economic development strategies, and to study ways to carry out an extensive experimental program of reform and opening in order to enable Fujian to make greater progress in building material and spiritual civilization over the next 2 or 3 years.

#### Fujian Issues Documents to Taiwan Visitors

OW150056 Fuzhou Fujian Provincial Service  
in Mandarin 1100 GMT 23 Apr 88

[From the "News" program]

[Text] For the convenience of Taiwan compatriots coming to the mainland to visit relatives and participate in sightseeing tours, the provincial Border Defense Department has decided, effective 1 May, to have the border defense work stations at various ports issue travel documents to Taiwan compatriots who have arrived there by ship directly from Taiwan, Penghu, Jinmen [Kinmen], and Mazu [Matsu].

Specific rules for the implementation of this measure established by the provincial Border Defense Department are as follows: Taiwan compatriots who have arrived at the 14 seaports listed below by ship directly from Taiwan, Penghu, Jinmen, and Mazu and want to visit relatives or participate in sightseeing tours may apply to the local border defense work stations for travel documents provided that they have certificates of identification. The 14 seaports are: Qinyu of Fuding County; Sansha of Xiapu County; Songxia of Changde County; (Dongao) of Pingtan County; (Xiuyu), Puxi, and Meizhou of Putian County; Chongwu of Huian County; (Houzhu) of Quanzhou City; (Yongning) of Jinjiang County; (Shapowei) of Xiamen City; Jiuzhen of Zhangpu County; Chengguan of Dongshan County; and (Gongkou) of Zhao'an County.

Those who have come by ship directly to Mawei of Fuzhou may apply to the Fuzhou Border Defense Inspection Station for travel documents. Taiwan compatriots who have arrived by ship at the seaports of our province and want to land and visit relatives or participate in sightseeing tours in the counties and cities concerned may be issued landing certificates for Taiwan compatriots by the pertinent border defense departments. These certificates serve as valid documents allowing them to land, visit relatives, or participate in sightseeing tours in the counties and cities where their ports of arrival are located. If they wish to visit relatives or participate in sightseeing tours in other localities, their travel documents should be issued by the border defense work stations concerned together with the border defense departments at the higher level.

The provincial Border Defense Department has asked its subordinate units at all levels to help the reception departments concerned to make proper arrangements for

these Taiwan compatriots to visit their relatives and participate in sightseeing tours and see to it that they can return to Taiwan by the same ships.

**Jiang Zemin Speaks at Shanghai Theoretical Forum**  
*OW150116 Shanghai JIEFANG RIBAO*  
*in Chinese 14 Mar 88 p 1*

[“Excerpts” of speech by Jiang Zemin at a Shanghai Municipal Forum on Theoretical Work: “Further Emancipate the Minds, Face Reality, and Create a New Phase in Shanghai’s Theoretical Work” — date not given]

[Text] Comrades, we are holding a forum on Shanghai’s theoretical work today. This is another important forum after the one on literary and artistic creation in Shanghai. This forum is a concrete step taken in response to the call of the party Central Committee on making theoretical building an important item on the agenda of party committees at the municipal and other levels. The purpose of this forum is to further emancipate the minds and arouse the initiatives and creativity of comrades on the theoretical front. It aims at mobilizing them to use their brains to explore and to make full use of Shanghai’s strong position in theoretical study to promote its revitalization. I will speak on the following three issues.

**Issue No 1: Reform, the Opening, and Modernization Cannot Do Without Theoretical Guidance [subhead]**

Everyone here knows that socialist structural reform is another revolution in terms of the breadth and depth of social changes it brings about. Our practice has demonstrated that putting reform at the center of all our undertakings will create a situation in which microflexibility and macrocontrol will complement each other, speed and benefits will become integrated, and stability and development will be mutually promotive. However, reform and development cannot for a moment do without theoretical guidance. This is because theory and practice are very closely linked. Theory comes from practice. It sums up the practice and at the same time serves as its guide.

Our party recognizes and attaches great importance to theoretical work. We can draw such a conclusion from the positive and negative experience of our party in leading China’s revolution and development: Our cause will be full of vitality, and we will win one victory after another if our minds are kept emancipated and theoretical breakthroughs are achieved. On the other hand, our cause will suffer setbacks if our ideology is on the wrong track or major errors occur in our ideology.

The 13th CPC Congress report points out: The integration of Marxism with practice in China has been going on for more than 60 years. During this time there have been two major historic leaps. The first took place during the new democratic revolution, while the second took place after the 3d Plenary Session of the 11th CPC

Central Committee. Like our counterparts in the rest of the country, Shanghai’s vast theoretical workers have also made contributions to the second leap in the integration of Marxism with practice in China. Their contributions are mainly in the following four respects: First is their thoroughgoing theoretical rectification, which helped eliminate chaos and restore order in the party’s guiding ideology and concrete work. Second, their innovative theoretical development, which helped bring about substantial progress in reform and the opening. Third, their contributions to the development of the material and spiritual civilization through research in the strategy and tactics. Fourth, their pioneering achievements in basic theoretical research and in various disciplines.

These important contributions to reform and the opening fully demonstrate that Shanghai’s theorists, including those in the research, education, and propaganda fields, possess strength, vitality, and combat-effectiveness, and are reliable and loyal to the party’s cause. Among them are theorists in different academic fields who have broad knowledge and are responsive to what is happening around them. The cordial relations between Shanghai’s theorists and its party and government leaders also make it possible for them to work together. Of course, theorists also should realize objectively and soberly their inadequacy, primarily their failure to provide theoretical guide to practice. Thus, theory often comes after practice. Therefore, to further improve Shanghai’s theoretical work, all theorists, theoretical departments, and party and government leaders should further emancipate their minds. Party and government leaders should always act in accordance with the objective law, respect theory and theorists, and truly conduct their leadership work on a scientific basis.

**Issue No. 2: Rigorous Challenge Confronting Current Theoretical Work [Subhead]**

At a central work conference held on the eve of the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping pointed out: “If we are to advance, we must promptly study the new situations and solve the new problems. Otherwise, we will not be able to advance smoothly. We must study the new situations and solve the new problems from all sectors.” At the national conference of heads of propaganda departments held in March 1987, Comrade Zhao Ziyang also emphatically pointed out: “It is a fundamental task for the theoretical front to explore the new situations and new problems in reform and construction by employing the Marxist stand, viewpoint, and method.”

What are the major rigorous challenges confronting our current theoretical work? I think, in implementing the party’s basic line of “one center, two basic points” for the initial stage of socialism, Shanghai is being confronted with the two following major problems:

First, our most important theoretical work at present is strengthening and improving the theory of the initial stage of socialism.

The outstanding theoretical contribution of the 13th party congress is its exposition of the theory of the initial stage of socialism. The important and fundamental components of this theory, as the general theory on building socialism with Chinese characteristics, originated from the new ideological line of emancipating the mind and seeking truth from facts set forth by the 3d Plenary Session of the 11th CPC Central Committee; from exploring a way of achieving Chinese-style modernization after studying China's conditions; from restoring order, putting things to right, and summing up historical experiences and lessons; and from seeking the most fundamental theoretical supports in the overall reform. The rapid and widespread acceptance of the theory of the initial stage of socialism shows the vitality of this theory, but this by no means signifies the end of the research on this theory. Although this theory has been advanced, we still have little understanding of the actual conditions of the various sectors in the initial stage of socialism in our country, of the law governing the development and evolution of social contradictions during the stage, and of the specific laws governing our endeavors to achieve modernization. This requires that we closely follow the practice of China's modernization construction and reform, closely follow the development of the technological revolution, analyze the new situations, study the new contradictions, and unyieldingly continue our research on a long-term basis, with due attention paid to quality. In pursuing this task, we should boldly conduct more exploratory researches and establish our theory on the basis of the actual conditions in China and Shanghai, and should avoid the past practice of establishing theories by relying, knowingly or unknowingly, on books or foreign models; taking into account the reality of reform and opening to the outside world, we should also extensively employ qualified personnel to provide superquality guidance to reform by enhancing the dynamic role and effectiveness of social sciences. In this respect, I hope that comrades from the theoretical circle in Shanghai will present some good-quality research results at a theoretical symposium to be held this winter to commemorate the 10th anniversary of the holding the 3d Plenary Session of the 11th CPC Central Committee.

To make it easy for comrades to do their research, I would like to mention some of the problems I have experienced in my practical work in Shanghai. You can use them as reference material when you conduct your research. At the same time, this is also a way of seeking your advice.

For example, I would like to study and explore the following questions concerning economic development in the initial stage of socialism:

1. How should we integrate upholding the party's fine traditions with doing our work in accordance with economic laws in the course of developing the socialist commodity economy, so that we can correctly understand and correctly solve the problem of party work style? I believe our party has many fine traditions which we should uphold and carry forward even in the new situation of today when we are striving to develop the socialist commodity economy. These traditions include: from the masses to the masses; pool the ideas of the masses and then carry them through; and the democratic work style of cadres, criticism and self-criticism. However, we should not stubbornly stick to some traditions, because the situation has changed. We should know how to adapt the traditions to new situations. In doing so, we should also consider the question of how much is permitted by policies and how much is accepted by the masses. On the whole, our general target is economic prosperity and honest party and government organizations. Actually this is an important aim of the reform of the political system. The problem is, in practice and in specific matters, how do we handle the relationship between the two and how can we explain, clearly and theoretically, their relationship. I am always confused regarding this problem, and I want to study it with you.

2. On the question of ownership how, should we correctly handle the relationship between enlivening state enterprises and developing rural enterprises? State enterprises are the main force of the socialist economy. Shanghai has 343 large and medium-sized state enterprises, with annual output value accounting for 67 percent of the city's total industrial output value. However, there is a general lack of vitality among the state enterprises in the present state of economic development, and some of them have deteriorated to the point where it is hard to continue. What methods should we use to invigorate them? This involves the issue of ownership. I believe there is a controversy regarding this issue among the theoretical circle.

3. Regarding the distribution method and policy, how should we implement the principle of distribution according to work and harmonize the relations among groups of different interests at the initial stage of socialism characterized by the coexistence of different economic components? How to maintain the initiative of the working class as the main force is also an important question at present. Moreover, how should we reasonably regulate the distribution of revenue among the members of society so as to be fair while stimulating them to work with higher efficiency? Of course, there are many other and even more important questions worth studying.

Regarding the theory on party building at the initial stage of socialism, I would also like to point out, for your reference, some questions we have encountered in the course of practice. For instance, how should we make a success of party building while engaging in socialist

modernization? How should we preserve the fine traditions of our party? How should we deal with the relationship of rectifying party style and invigorating the economy? Other questions include how to deal with the idea of competition and the advanced nature of Communist Party members under the condition of the commodity economy, whether the party spirit has some characteristics that varies with the times, how to assess the advanced nature of Communist Party members during the new period, and whether they can be ahead of others in becoming better off. All these are closely connected with party building during the new period. They cannot be evaded.

In addition, the questions concerning the promotion of democratic politics during the initial stage of socialism is also worthy of study. For example, during this stage, how should our country deal with the contradiction between democracy and efficiency? What are the inner links between promoting democratic politics and developing the commodity economy? The questions on culture and education during the initial stage of socialism are also worthy of study. Examples are what kind of education thinking should be used as a guidance for educating students, what are the targets of education, and so forth.

To sum up, we should develop an extensive campaign to study the theory of the initial stage of socialism on the basis of the actual conditions of our country and with the productive force as a yardstick for appraising our achievements in this study. This is a reform of our study style. Also, the development of this theory is aided by the promotion of studies in various different disciplines. I hope that our comrades engaged in theoretical studies in Shanghai will heighten their spirits and vigorously study the theory of the initial stage of socialism. It is imperative to persist in integrating theory with practice. For the more questions you can explain with this theory, the more common these question, and the more intensive your explanations, the greater achievement you are making?

Second, we should accelerate the transformation of Shanghai's economy toward the export-oriented mode and develop fruitful theoretical, strategic, and policy studies to meet the needs of strengthening reform and opening wider to the outside world.

As the report to the 13th national party congress points out, the present world is an open one. We have made significant achievements in implementing our basic national policy of opening to the outside world. In the future, we must enter the world economic arena with a more courageous attitude. Shortly after the 13th party congress, the party Central Committee put forth the strategy of speeding up the economic development of coastal areas. This is not only a regional, but also a nationwide strategy. Implementation of this strategy is an important part of the fulfillment of the construction and reform tasks set at the 13th national party congress.

This strategy makes it possible for us to use the international market in obtaining what we need and selling what we have, thus opening a new way to balance the economy. This will change our old practice—that is, all we do is to balance the supply and demand of products in short supply; as to the problem of the excessive supply of certain products, we merely reduce and slow down their production. Comrade Deng Xiaoping has instructed that in implementing the strategy of developing coastal areas, we should act boldly and speed up our pace, and should never miss the fine opportunities. In compliance with his instruction, we have been, since 2 months ago, vigorously studying how to import more and export more and accelerate the transformation of our economy toward the export-oriented mode.

Then, during the transition to an export-oriented economy, what are the urgent questions which must be seriously studied by Shanghai's theoretical workers to provide the decisionmaking departments with answers for making sound decisions? Here I would like to ask your advice on several questions I have encountered in practice and hope you will supply the answers by pooling the wisdom of everyone. The questions are:

1. The relationship between advantages and disadvantages. As a major coastal city that stands for China's advanced productivity, Shanghai indeed has many advantages, including good location; good port facilities; a complex information network; complex industrial set-up; strength in science, technology, and culture; and high labor quality for developing an export-oriented economy. However, it also has at least three obvious disadvantages. First, there are too many state-owned enterprises in Shanghai with widespread inefficiency. Second, over the years, an "efficient" management system based on the planned economy has taken root in Shanghai which is said to be the nation's most efficient. Under this system, the import of large quantities of raw materials is hampered by tedious procedures; and the export of large quantities of commodities is blocked by numerous obstacles. The mechanism of competition in international trade do not work here. Third, few enterprises in Shanghai are export-oriented. Up to the present, no major enterprise group exists in Shanghai that is competitive on the international market. How to overcome these difficulties is a question that requires thought of theoretical workers to provide an answer.

2. The relationship between developing labor-intensive products and technology-intensive products. Some comrades advocate the integration of developing labor-intensive products with the development of technology-intensive products because Shanghai must distinguish itself from other coastal regions in developing an export-oriented economy. I agree with them. Under the present circumstances, Shanghai must emphasize the introduction of science and technology into the village and town enterprises and into the medium-size and small enterprises for them to produce great quantities of labor-intensive products as well as large quantities of labor-intensive and technology-intensive products which are

in short supply on the international market but are quick to produce. From a long-term point of view, we must also strive to produce more high-tech products for export. To this end, I would like to hear the views from the theoretical circles on how to better handle the relationship between these two types of products.

3. The relationship between earning foreign exchange by trade and by other means. In recent years, while expanding foreign exchange earnings from trade, Shanghai has also made a good start in earning foreign exchange by means other than trade. How to handle well the relationship between earning exchange by trade and by other means; and in the process, what principles and policies must be studied are also questions seeking answers from our theoretical workers.

4. The relationship between state and nonstate foreign trade organs. The experience of Guangdong and other localities in developing their export-oriented economies shows that the export of labor-intensive products can best be handled by intermediary agencies; this is because the small quantity, diversification, and dispersion of these products make them very difficult for the state foreign trade organs to handle. A great many of Shanghai's export enterprises have reported that their biggest headache is the lack of information. Important information on foreign trade is generally the monopoly of some foreign trade agencies. To solve this problem, we must begin with reforming the foreign trade system and take overall remedial measures. On the one hand, we have to create a large number of nongovernmental intermediary foreign trade companies, permit the new agencies and intermediaries to actively participate in various activities in the economic sectors, and change the state foreign trade organs' status of monopoly. On the other hand, we must actively promote contacts with foreign enterprises (including consortiums), form multinational companies, and make use of their sales channels to expand our own export.

5. The relationship between participating in international competition and establishing a mechanism of planned commodity economy. We should participate in the international stage, integrate the domestic and international markets, and appropriately readjust the system and method of production and management. We should establish an energetic and highly efficient mechanism of modern commodity economy that conforms to international practices. At present, we still do not know much about such a mechanism and the way to establish it, neither do we know much about the international practices and their content. We hope that theorists will seriously study this problem and explain it in a scientific manner.

6. The relationship between opening to the outside world and opening to the inland areas. The coastal areas are not necessarily required to stick to "putting both ends of the production process of raw materials and the marketing of products on the world market." If possible, they

should utilize inland resources. Therefore, when developing its export-oriented economy, Shanghai should continue to strengthen its lateral ties with the inland areas. It should bring its geographic location into full play. However, it can not open itself wider without cooperating with the inland. Only by strengthening its association with various fraternal provinces and cities can Shanghai steadily increase its ability to open up the international market. In the future, the following scenario is quite possible: Shanghai will mainly supply tangible products in its opening to the outside world and will mainly supply intangible products in its opening to the inland, that is to say, it will transfer and disseminate its technology and managerial and productive capability to the inland. Shanghai should appropriately handle the relationship between opening to the outside world and opening to the inland areas and bring the interests of various regions into balance. In this regard, there are also many problems for theorists to study and explore.

7. The relationship between economic opening and cultural opening. The export-oriented economy which calls for "importing more raw materials and exporting more products" will definitely open Shanghai wider to the outside world and involve it further in foreign affairs. As a result, the problem concerning the relationship between economic opening and cultural opening will inevitably arise, that is to say, Shanghai will face the problem of how to make material and spiritual civilizations move forward harmoniously.

8. The relationship between material and human elements. To develop an export-oriented economy, we need to improve the investment environment which includes such material elements as infrastructures and systems and, more important, such human elements as reshaping people's character and building a cultural atmosphere. How to heed the human element, build people's character and a cultural atmosphere, help people form a new concept of value and behavioral norms to quicken Shanghai citizens' adaptation to the new life under the conditions of the export-oriented economy is also a major task facing the theorists during the period of a strategical transition to an export-oriented economy.

9. The relationship between strategic study and tactical action. In the past, we were used to spending much energy in mapping out a complete strategy before we requested supportive policies from the central government, and if our request was turned down, we would wait for its final approval before we began to cautiously execute the strategy. This method of doing things often had adverse effects on our work. Therefore, the most important thing for us to do now is to take action rather than make loud speeches from our seats. We should take bold action and new steps in developing the export-oriented economy.

10. The relationship between the export-oriented economy and supportive reform measures. In order to expedite the development of the export-oriented economy,

we must pursue supportive reform measures in such fields as the foreign trade system, the integration of science and technology with economy, and the management of enterprises. We should endeavor to revise the regulations and systems that run counter to the development of the export-oriented economy. Without these supportive reform measures, we would not be able to succeed in the strategy of developing the export-oriented economy.

The above-mentioned problems are mostly real ones; only a few are theoretical in nature. However, we can still study these real problems from the high plane of theoretical viewpoints. Presently, Shanghai badly needs original and innovative ideas to develop its export-oriented economy. The Shanghai Municipal CPC Committee and government are expecting their theorists to bring their intelligence and wisdom into full play.

To sum up the above, whether it is research in the theory of the initial stage of socialism or in the strategy and measures for an export-oriented economy, the central point is to take another look at socialism, capitalism, and contemporary Shanghai, China, and the world. The satisfactory resolution of these issues concerns the position of the Chinese nation in the world, the question whether socialism is superior or not and whether it has any appeal, and Shanghai's position and role in the nation. We must have such a sense of crisis and urgency. Only when we soberly recognize the crisis can we acquire a sense of urgency, destiny, and responsibility. Crisis means challenge. In today's Shanghai, there are both difficulties and hopes, crises, and challenges. To seize upon opportunities, overcome crises, and meet challenges, it is particularly necessary to make theory our guide. It is in this sense that we place great hopes on comrades in Shanghai's theoretical field. Obviously, the above concerns applied theory and policy research. However, this does not mean that we do not need to study in a serious and thoroughgoing manner ideological and theoretical issues not directly related to reform, the opening, or modernization. As in the case of natural science, philosophy, and social science cannot afford to neglect basic theoretical research. When we talk about basic research in natural science, we are referring to mathematics, physics, and chemistry; but in social science, we mean research in the basic theories of all social disciplines and in the philosophical, historical, social, and cultural background that give rise to such theories. Research in these subjects are indispensable to all great advances.

#### Issue No 3: Further Emancipate the Minds and Develop Theoretical Undertakings To Make Them Prosperous [subhead]

Currently we are in a new situation which calls for further emancipating the minds, stabilizing the economy, and strengthening reform. Our purpose in all this is to further liberate the productive forces.

Then, based on Shanghai's conditions, what will be our main emphasis in further emancipating our minds? First, we should emancipate ourselves from the complacency of thinking of ourselves as others' leaders. Second, we should emancipate ourselves from the sentiment of complaints and fear of difficulties. Third, we should emancipate ourselves from the conservatism of refusing to make progress. These sentiments and mental state become tremendous obstacles to strengthening reform, opening Shanghai wider to the outside world, developing its economy, and speeding up its transformation change into an export-oriented economy. Thus they constitute the main emphasis in further emancipating the minds at the present time. In view of these ideological obstacles, focus should be placed on changing the following four concepts concerning present economic development: First, we should change our idea of developing a product economy into that of developing a planned socialist commodity economy. Second, we should change our idea of developing a domestic consumption-oriented economy to that of developing an export-oriented economy. Third, we should change our idea of managing our finance through unified receipts and allocations by the state to that of managing our finance through contracts with the local authorities. Fourth, we should change our idea of managing the economy by administrative means alone to that of combining meticulous political and ideological work with economic management.

Comrades doing practical work and especially leading cadres at various levels should emancipate themselves from the mental state of looking down on theories and making policies decisions simply by experience. They should fully recognize the importance of theoretical work to the cause of socialist modernization and attach due importance to it in their minds. They should not only reinforce their own theoretical awareness and thinking, promote their theoretical accomplishments, avoid acting blindly in their work, and enhance their consciousness, but should enthusiastically support theorists in their research and give them full play in their work.

As for the vast number of theoretical workers, they should be emancipated from the state in which theory is divorced from reality. Some theoretical workers today still look down upon practical work, saying that theoretical study is no longer academic and has no academical value if it is closely tied with practice. This is a questionable viewpoint. While theoretical study for pure academical purpose and theoretical study for application are both essential for the development of our theoretical work, and it is undesirable to reject or suppress one or another, we must point out that there are indeed some comrades who are still worrying about integrating theory with practice, believing that doing this is apt to make mistakes. Thus, in most occasions when they are called upon to study practical issues, they have "lingering fear" or anticipate "imminent fear." While this is understandable, it is absolutely unnecessary. People engaged in theoretical study should ignore all kinds of worries and be brave to explore so that theoretical study can become a shining branch of study.

Democracy is essential for mental emancipation, which simply cannot exist if socialist democracy is not manifested. Manifesting democracy in theoretical work means firmly upholding the "double-hundred principle" so that there is a good environment for a flourishing theoretical study. Only when different schools of thoughts can contend can they develop with vitality. Should important and sensitive issues be studied? I think there should not be any forbidden zones for theoretical study and theoretical workers should be able to say anything they want without any inhibitions. Of course, theoretical study is different from theoretical education and propaganda. Theoretical propaganda should be handled cautiously. We should be aware of its scope and pay special attention to its social effects. As for theoretical discussions that should not be conducted openly, they should first be conducted in journals for internal distribution. Just as we permit mistakes in reforms, we should permit mistakes in theoretical study. In order not to confuse theoretical debates with anyone's political attitude, we should never condemn or label theoretical faults, or keep a record of them. Nevertheless, we should awaken and remind those comrades who have indeed deviated from the line of the 13th party congress so that they can firmly adhere to "one center, and two basic points," and combat their ideological one-sidedness.

To emancipate our minds and promote theoretical study, we must also make efforts to train theoretical workers and strengthen the organization and coordination of the philosophy and social sciences departments in Shanghai. It is my hope that the vast number of theoretical workers will work hard with us so that they will become genuinely united and combat-ready people who earnestly implement the party's basic line for the initial stage of socialism and who are forerunners in reforms and opening up.

Comrades, in recent years Comrade Deng Xiaoping has kept encouraging us to have the courage to reform, explore, and take risks. This has been Comrade Deng Xiaoping's consistent and correct advocacy over the past several years. We must have such Marxist audacity and courage at a time when we confront major opportunities for economic rejuvenation. Although we are confronted with numerous difficulties, we have the courage and strength for surmounting these difficulties and obstacles. As long as we adhere to the party's basic line for the initial stage of socialism and uphold the principles for emancipating our minds and proceeding from actual conditions in doing everything, we are convinced that the vast number of hard-working theoretical workers—who are determined to catch up with their specialized studies, conduct investigation and study of the actual situation, and make great efforts to shun empty talk—certainly can make new contributions to the development of Marxism as well as to reforms, opening up, and the revitalization of Shanghai!

**Jiang Zemin Addresses Shanghai Housing Forum**  
*OW142348 Shanghai City Service in Mandarin*  
*2300 GMT 11 Apr 88*

[Excerpt] Addressing yesterday's forum on municipal housing reform, Jiang Zemin, secretary of the Shanghai Municipal CPC Committee and mayor, said: In line with the policy requiring people in larger houses to pay higher rents, future rent will be determined by the size of house one occupies.

According to a report filed by station reporter Yang Hui, Jiang Zemin said: The experience of a number of pilot cities in housing reform shows that leaders must set a good example in upholding housing reform. The behavior of mayors, party secretaries, and bureau directors has more persuasive power than empty programs.

Mayor Jiang continued: We must change the following three kinds of ideas through propaganda and education: 1) the harmful idea of regarding low-rent housing a superior feature of socialism; 2) the idea of regarding housing assignment as an act of conferring political treatment; and 3) the idea of treating housing as something to be provided by the state requiring no personal expense.

It was revealed at yesterday's forum that Shanghai, having seen four versions of housing reform plan drafted over the years on the basis of investigation, study, and discussion, will try to work out a final version before the end of this year. The final version, after approval by the municipal party committee and government, will be implemented as a first step in housing reform. [passage omitted]

**Shanghai Official Notes Measures To Protect Fish**  
*OW140747 Beijing XINHUA in English 1251 GMT*  
*9 Apr 88*

[Text] Nanchang, April 9 (XINHUA)—Measures are being taken to protect the fish resources in the lower and middle reaches of the Yangtze River, according to a Shanghai official.

The number of fish of various categories has been increasing since a ban was imposed on excessive fishing a year ago, according to the official, who supervises aquatic resources in the area covering Hubei, Hunan, Jiangxi, Anhui and Jiangsu Provinces, and Shanghai City.

In the Yangtze's lower and middle reaches there are as many as 300 categories of fish, and the area is particularly famous for crabs, shrimps, hilsa herrings, Chinese sturgeons and river dolphins.

In March last year an Aquatic Products Protection Committee was set up, and a steady increase in the numbers of fish and other water creatures has been apparent, he said.

**Shanghai To Set Up Neighborhood Armed Units**  
*OW142356 Shanghai City Service in Mandarin  
1100 GMT 12 Apr 88*

[Text] The Putuo District CPC Committee has decided to gradually set up armed forces units in local neighborhoods. Putuo is the first district in Shanghai to set up such neighborhood armed forces units.

With the strengthening of political reform, militia and reserve service work will be gradually shifted to the neighborhood. The Putuo District CPC Committee has decided to establish pilot armed forces units at enterprises and institutions under the administration of the municipal and district governments, and in (Linjiagang) neighborhood where most local militiamen live. The district will establish more such units after it has gained experience from these pilot units. The Putuo District CPC Committee has set up a preparatory group for the work.

### Central-South Region

**Guangzhou To Invest in Zhujiang Power Plant**  
*HK150657 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0229 GMT 13 Mar 88*

[Text] Guangzhou, 13 Apr (ZHONGGUO XINWEN SHE)—Guangzhou City has decided to invest 1.1 billion yuan in the construction of Zhujiang Power Plant, which will have an installed capacity of 1.2 million kilowatts. Construction is scheduled to begin on 29 May and power generation will start in 1991.

Zhujiang Power Plant is to be built jointly by Huaneng International Electric Power Development Company and the Guangzhou City government. The Guangzhou Building Construction Company is the general contractor of the project. The general construction contract was signed on 11 April.

Located in Nansha Town in Panyu county, the power plant covers an area of 500,000 square meters. It will have a main building with a floor area exceeding 30,000 square meters, a coal yard capable of storing 100,000 tons of coal, a large yard for storing cinders, and a pier for 40,000-ton class vessels.

The construction of Zhujiang Power Plant has been registered with the State Planning Commission. In 1991 when the first-phase generating units will have been installed and put into operation, Guangzhou's daily power generation will approximately double the present generating capacity of nearly 3 million kilowatt-hours.

**Hainan To Set Up Trade, Investment Company**  
*HK131017 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 13 Apr 88 p 1*

[By Lulu Yu]

[Text] A Trade and investment company representing the Government of Hainan Island is to be set up in Hong Kong next month following the establishment of the tropical province as China's largest special economic zone.

Hong Kong and foreign investors are expected to liaise through Hua Hai Co (hua hai means China Sea) when the China-backed firm opens its office in Tsim Sha Tsui in about mid-May.

The company, headed by former Shenzhen vice-mayor Zhen Xipei, will operate as a private concern with its start-up capital provided by the central Government in Beijing, according to Chinese officials.

Formal approval for up-grading Hainan's status from a regional government under Guangdong to China's 31st province (including Taiwan) is imminent subject to a rubber stamp decision by the National People's Congress in Beijing.

Liang Xiang and Xu Shijie, former Shenzhen and Guangzhou leaders who now head a preparation group for the new Hainan province, are expected to attend the opening ceremony of Hua Hai.

While no specific date is set, a big celebration is expected to mark the occasion with invitations going out to local businessmen and high-ranking Chinese officials in Beijing and south China.

Mr Liang, a retired Shenzhen mayor who continues to wield considerable influence over matters within the Special Economic Zone, will be the governor of Hainan while Mr Xu will perform his duties as party chief for the new province.

The Chinese Government, under the leadership of Zhao Ziyang, has promised Hainan greater autonomy than the four Special Economic Zones established in southern China.

Low rents, cheap labour and a flexible land policy can be expected on the island which will be used as a show-case to lure Taiwan back into the arms of the mainland.

Mr Zhen, director of Hua Hai, said a number of capital projects involving Hong Kong businessmen had been approved as planners mapped out development strategies for the island of six million people.

"We can assure investors that business conditions in Hainan will be superior to those anywhere else in China. New regulations to be issued by the State Council will ensure the Hainan Government has the greatest administrative flexibility," said Mr Zhen in an interview in Shenzhen.

He added that with the opening of Hua Hai in the territory, Hong Kong would become Hainan's overseas base where major business deals would be discussed.

Mr Zhen's assurances came on the heels of recent reports highlighting sceptical investors.

Visitors to the island—similar in size to Taiwan and lying 460 km southwest of Hong Kong—were said to be worried about Hainan's lack of road, power and communication facilities.

Mr Zhen said a Hong Kong consortium, comprising China-backed companies like China Resources and the Bank of China, had undertaken to build Hainan's first large-scale power station at a cost of some U.S.\$200 million.

He said work on the first phase of the 600-megawatt power plant began early this year and the station was expected to generate electricity by June 1989.

As a first step in industrialising the island, Hua Hai Co is planning to develop a second coal-fired station with a capacity of 700 megawatts, and an industrial zone similar to the Shekou zone in Shenzhen.

Mr Zhen admitted that China's earlier efforts to transform Hainan into a major economic centre had been disappointing, with little progress made on the development of the island's infrastructure.

While officials try to brush off Hainan's notoriety from widespread racketeering in the early 1980s, many still remember the car scandal which cost China some U.S.\$17 million about three years ago.

The scandal, involving the import and illegal sale of cars, television sets and other luxury goods, led to the downfall of a number of Hainan officials in 1985 who have been restored to power in recent months.

Although rich in resources, the island has been consistently short of funds. Urgently needed projects have been put on hold because of investors' reluctance to put up the huge loans needed.

More than U.S.\$110 million worth of contracts are said to have been signed for projects on Hainan in the past six months, with another HK[Hong Kong]\$250 million in the pipeline.

**Hainan Meeting on Industry, Communications**  
*HK150155 Haikou Hainan Island Service  
in Mandarin 1100 GMT 12 Apr 88*

[Excerpts] A Hainan conference on industrial and communications work, which concluded on 10 April, noted: We must make full use of the preferential policies adopted by the central authorities for Hainan, promote production, deepen reforms, change concepts, actively carry out the work of promoting internal cooperation and attracting foreign investments, and turn Hainan's industrial and communications enterprises into special zone-type enterprises that can compete with those enterprises run with three kinds of capital.

The conference pointed out: All of Hainan Island achieved a relatively fast industrial growth rate last year. The island's total industrial output value last year increased by 24.21 percent compared with 1986, thus exceeding the average national level in this regard. [passage omitted]

The conference noted: Since the beginning of this year, the economic returns made by the island's enterprises have fallen due to various subjective and objective reasons such as the sustained arid weather, which has resulted in a reduced ability to generate electricity, and the shortage of raw and processed materials, which has brought about a rise in the prices of such materials. [passage omitted]

The conference called on the island's industrial and communications enterprises to successfully carry out the following tasks:

First, we must pay close attention to key points and conscientiously promote production in the second quarter. [passage omitted]

Second, we must deepen enterprise reforms in accordance with the requirements for establishing a large special economic zone. [passage omitted]

Third, we must seize the opportune time to actively carry out the work of promoting internal cooperation and attracting foreign investments. [passage omitted]

Fourth, we must continue to successfully promote basic energy and communications construction projects and create a fine investment environment for establishing a large special economic zone. [passage omitted]

Meng Qingping, member of the preparatory group for establishing Hainan Province, attended the conference and also delivered a summary speech.

Attending the conference were responsible persons from relevant Hainan departments, mayors and governors of all cities and counties in Hainan, as well as chairmen of [words indistinct].

**Power Stations To Relieve Haikou Shortage**  
*HK150900 Beijing CHINA DAILY in English*  
*15 Apr 88 p 2*

[By staff reporter An Weihong]

[Text] The electricity shortage in Haikou City, Hainan Island, is expected to be relieved next year, Li Yinyun, the mayor, said on Tuesday.

Three thermal power stations will be completed with a combined annual capacity of 400,000 kilowatt-hours of electricity.

Li said the city, located on the north of the island, long as been lacking in energy.

The city now needs at least 50,000 kilowatt-hours of electricity. It gets only 20,000 kilowatt-hours at present.

Last year, Li said the whole island was hit by a drought, which dried up most of its reservoirs and pools. The water shortage stopped seven of its eight hydroelectric generators in Haikou, resulting in frequent electricity cuts.

"We still depend a lot on rain and typhoons for our water supply, but unfortunately, we haven't had any heavy rains for 17 months," he said.

The three thermal power stations under construction will use coal from the mainland for generating electricity. This will ease the city's heavy dependence on water, Li said.

Li is in Beijing attending the Seventh National People's Congress, which closed on Wednesday with the final approval of Hainan as a new province.

The 55-year-old mayor said the first thing he will do after going back to his office is to raise more funds for city construction through paid transfer of land use and real estate.

**Henan Governor on Developing Inland Economies**  
*OW150032 Beijing Domestic Service in Mandarin*  
*1600 GMT 8 Apr 88*

[Text] How does an inland province take advantage of the vast opportunities created by the strategy of economic development for coastal regions to develop the local economy? Henan Governor Cheng Weigao shared some of his views with reporters.

Cheng Weigao pointed out: The coastal provinces will not be able to put both ends of the production process on the world market in the next few years. For a given period, there may be a situation in which one end of the production process is placed on the world market and the another end is placed on the inland provinces. In this period, the coastal provinces may try their best to tap the

market of the interior provinces and attract their trained personnel. The exodus of trained personnel from the interior to the coastal regions will become more prominent. The competition for trained personnel will inevitably put more pressure on the interior provinces. However, this is not something to be feared, because the strategy will also create rare development opportunities for the inland provinces. The inland provinces have rich mineral resources, huge numbers of trained personnel, and a vast market. These are the favorable conditions which may be fully utilized by the inland provinces while serving as one end of the production process for the coastal regions. When the time comes when the coastal provinces are able to put both ends of the production process on the world market, the interior provinces will be in a position to further exploit their favorable conditions.

Cheng Weigao said: The key to successfully using the opportunities created by the strategy of economic development for coastal regions lies in our personnel policy. The interior provinces have less appeal to the trained personnel than the coastal provinces. While opening their doors to trained personnel from the outside, they should make more efforts to fully use local scientific and technological personnel. In this regard, Henan plans to adopt a number of flexible measures to ensure that scientific and technological personnel who contract to help run rural enterprises will receive better treatment politically and economically.

**Hubei Authorities Stress Agricultural Production**  
*HK150715 Wuhan Hubei Provincial Service*  
*in Mandarin 1000 GMT 14 Apr 88*

[Excerpts] The provincial party committee and government recently circulated their suggestions for conscientiously promoting the work of using summer output as a basis for promoting autumn output and using autumn output to compensate for losses in summer output. This would serve the purpose of achieving a stable growth of grain output and a comprehensive agricultural bumper harvest this year. [passage omitted]

According to the suggestions, the whole province must strive to overfulfill the 1988 plan for producing 23.5 billion kg of grain. Since last winter, there have been a relatively long droughty period and several serious freeze injuries. In addition, since the beginning of this spring, there has been a wet weather for some time. All these things are detrimental to the growth of summer crops. [passage omitted]

The whole province's acreage under grain this year should be increased by over 1 million mu as compared to last year. [passage omitted]

All levels must ensure fulfillment of the annual task of purchasing a total of 444,000 tons of cotton. [passage omitted]

We must conscientiously resolve the issue of the supply of agricultural goods and materials falling short of demand and particularly the shortage of chemical fertilizers, pesticides, and agricultural machines and tools. Our industrial, commercial, and supply and marketing departments must make great efforts to organize raw materials for increasing production output. [passage omitted]

The relaxed restrictions on the prices of agricultural and sideline products must remain relaxed; it is forbidden to find an excuse for restoring unified purchases or purchases by state quotas. [passage omitted]

**Hubei Leader Stresses Ideology of Education**  
*HK150313 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 13 Apr 88*

[Excerpts] During a meeting held yesterday afternoon at the Hubei College of Education, Qian Yunlu, deputy secretary of the provincial party committee, discussed ways to enable rural education to serve the rural economy with participants in a provincial study class in the ideology of education organized for leading cadres at the prefectural, city, and county levels. [passage omitted]

Comrade Qian Yunlu noted: Comrade Deng Xiaoping has demanded that education be geared to the needs of the world, the future, and the four modernizations. On the basis of this demand, the central authorities have pointed out that economic construction and economic reinvigoration rely on education and that education must serve economic construction. Without resolving issues concerning the ideology of education, it will be impossible for us to give full play to the beneficial results of education or to quickly make the most of the beneficial role played by education. At present, although it is reported that there is a serious shortage of funds for education and that there is a lack of qualified personnel, we are also told that qualified personnel cannot find suitable jobs. Party organizations and government departments at all levels as well as the vast numbers of teachers, staff members, and workers in the educational field are all faced with the issue of straightening out their ideas about education. Only by straightening out our ideas about education can we make the most of the role played by education, give full play to the beneficial results of education, and enable our education to truly have a bright future.

**Hunan Calls for Cutting Ramie Output**  
*HK150210 Changsha Hunan Provincial Service  
in Mandarin 0100 GMT 12 Apr 88*

[Text] According to a provincial work conference on cotton and fiber crops which ended on 2 April, a new overstocking of ramie will possibly be created this year in our province.

Our province's acreage under ramie rose sharply from 1.1 million mu at the end of 1986 to 2.89 million mu in 1987, with the total ramie output reaching 5.05 million dan. As a result, the production output excessively exceeded the demand.

To avoid a new overstocking of ramie, the provincial people's government has formulated a plan, demanding that this year the whole province's acreage under ramie be under 1 million mu and that this year's total output of ramie be under 2 million dan, with the purpose of achieving a basic balance between production output and demand as quickly as possible.

However, judging from statistics provided by the provincial work conference on cotton and fiber crops held from 31 March to 2 April, we can see that although the province has made a 920,000-mu reduction in its acreage under ramie, its current acreage under ramie still reaches 1.97 million mu. It is estimated that the province's total ramie output this year will exceed 3.6 million dan. This is far from meeting the demand made by the provincial people's government. If no decisive measures are adopted to cut the acreage and output of ramie, this year's ramie output, together with last year's overstocking of ramie, will total 6 million dan. If that is the case, this year's overstocking of ramie in our province will pose a greater problem compared with last year's, and both our ramie growers and the state will suffer still heavier losses.

There are three major reasons for the great difficulty in reducing the acreage under ramie.

First, the existence of the current protective purchasing price of ramie for reserve purpose ensures that economic income from growing ramie is higher than the income from growing grain and cotton crops.

Second, due to the existence of many pieces of false information, ramie growers are misled into thinking that there will be a rise in the price of ramie; and relevant departments and ramie growers are taking a wait-and-see attitude toward reducing ramie production output.

Third, a number of county and township leaders are irresolute and slack in reducing ramie production output.

**Southwest Region**

**Sichuan's Yang on Developmental Agriculture**  
*HK150315 Chengdu Sichuan Provincial Service  
in Mandarin 0100 GMT 15 Apr 88*

[Text] Yang Rudai, Sichuan Provincial CPC Committee secretary, attended a provincial symposium on experimental zones in developmental agriculture on 13 April.

He stressed that all localities must profoundly understand and comprehend the important strategic role of developmental agriculture in Sichuan's rural economic development, strengthen leadership, and promote this undertaking.

In his speech, based on the province's actual rural conditions, Comrade Yang Rudai analyzed the important role of developmental agriculture. He said that Sichuan has a large population and not much farmland. Only by engaging in developmental commodity agriculture and intensive cultivation on the limited farmland can we produce more agricultural and sideline products to satisfy the masses' needs. A large population and labor force is a strong point, and is also the most difficult problem in economic development. There is more manpower but fewer objectives of labor. How should we set about shifting the rural labor force to other occupations? If this cannot be done, we cannot achieve a comfortably well-off living standard. At present we should center our consideration of all rural work on the issue of how to shift the rural labor force. Apart from organizing secondary and tertiary industries and exporting labor, a considerable labor force can be absorbed by promoting developmental agriculture. The contradiction is particularly conspicuous in the hilly areas of central Sichuan, where there is not much farmland, a large population, and insufficient resources. These areas can never become well-off unless the labor force is shifted to developmental agriculture and other sectors.

At present some comrades have no sense of crisis and their understanding lags behind events; they do things according to old conventions and methods, and are satisfied with self-sufficiency and surplus in grain and meat. They have not realized that the discrepancies between their own areas and the regions that have developed relatively rapidly are growing ever greater. We must change this state of affairs as quickly as possible. We must strengthen the sense of urgency and enhance awareness. Those who understand the situation sooner will take the initiative and go into rapid action.

Comrade Yang Rudai demanded that all localities assign the promotion of developmental agriculture an important place on their agenda and regard this as a fundamental strategic measure for resolving Sichuan's agricultural development problem. The whole party should get to work and strengthen leadership to promote this undertaking. Specifically, it is necessary to formulate development plans in light of local conditions; to use typical examples to guide the way and organize demonstrations at all levels; to rely on science and technology and train specialized talented people; to raise capital from all sectors to increase input; and to ensure that all sectors cooperate to provide services.

The symposium was held at (Longquan) in the outskirts of Chengdu. Vice Governor Liu Changjie and Comrade (Li Buyun) presided. Comrades from nine cities, prefectures, and counties, including Chengdu, Leshan, and

Yaan, exchanged experiences. The participants also visited the developmental agriculture demonstration zone at (Longquan). Vice Governor Xie Shijie delivered a summation at the conclusion of the meeting.

**Sichuan Urges Curbing Housing Anomalies**  
*HK150411 Chengdu Sichuan Provincial Service  
in Mandarin 0100 GMT 15 Apr 88*

[Text] Recently, a few units in Sichuan have seized the opportunity when housing system reforms have not yet been fully instituted in their area to sell quickly at low prices to individuals public housing directly controlled by the housing management departments and houses controlled by the units themselves. Some units, under the pretext of encouraging private house-building, have provided high subsidies exceeding the standard for private house-building. Some have even arbitrarily expanded their housing construction floorspace.

To resolutely and promptly correct these activities, the general office of the provincial government recently issued a notice banning the sale of private housing at low prices and the construction of private housing exceeding the stipulated floorspace.

**Tibet Leader Urges Developing Economy**  
*HK150910 Beijing CHINA DAILY in English  
14 Apr 88 p 1*

[By staff reporter Cheng Hong]

[Text] Leaders in the central government as well as the local people in Tibet ought to be more openminded in developing the region's economy, a high-ranking Tibetan official has said.

He said the region needs more flexible and special policies for its economic development.

Doje Tsering, Chairman of the Tibet Autonomous Region, told CHINA DAILY that in order to improve the people's living standards quickly, the region has to rapidly change its isolated economy into an open one.

Doje stressed that the most effective way to stabilize the region and promote the unity of the nation is to improve the economy in Tibet in a bid to improve the people's living standards.

"Tibet wants more open policies than other regions because of historical and planning reasons," said Doje, who is also a deputy to the National People's Congress. "About 95 percent of the people living in the region are of Tibetan nationality, with a pronounced religious consciousness. The local people have little sense of the commercial economy, and the region is the least developed region among the ethnic minority areas."

He said that agriculture and animal husbandry are basic trades in the region. The contract system should be introduced or improved and advanced technology popularized.

Tourism is a new industry in Tibet, Doje said. Between 1980 and 1983, Tibet received no more than 1,500 foreign tourists each year. But starting in 1984, the annual number of tourists grew to 15,000, 10 times as many as before.

And last year, a total of 43,000 tourists visited Tibet. The region's business volume from tourism was 56 million yuan.

Tourism has promoted the development of the handicraft industry, which brought in 5 million yuan in 1986, an unprecedented sum in the history of Tibet, according to Doje.

Education is still an urgent task in the region, Doje said. More funds and teachers have been asked for.

With more than 40 kinds of reserves including coal, iron, copper, oil shale and borax, the region has adequate resources for its economic development, he said.

### North Region

**Beijing Company Announces Nationwide Bond Issue**  
*HK150906 Beijing CHINA DAILY in English*  
14 Apr 88 p 2

[By staff reporter]

[Text] China High-tech Venture Company (CHVC) announced the issue of its first nation-wide financial bonds of 30 million yuan (\$11.2 million) in Beijing yesterday. The bonds will go on sale on April 20.

This is the first non-financial organization to issue bonds to individuals, Zhang Xiaobin, manager of the CHVC said. And 12 local banks from Beijing and provinces, including Guangdong, Liaoning and Jiangsu, will be the underwriters.

Zhang said all the money collected will be put into key projects such as construction of energy plants, transportation system and technical improvements.

The bonds will be in denominations of 100 yuan and 500 yuan and pay bond holders an annual interest rate of 10 percent. Capital plus interest will be paid back in three years.

Zhang also said that the soon to be issued bonds would go into circulation and change hands through the People's Bank of China and its branches.

**Nei Mongol Outlines Birth-Control Propaganda**  
*SK150449 Hohhot Nei Mongol Regional Service*  
in Mandarin 1100 GMT 13 Apr 88

[Text] The autonomous regional Family Planning Commission recently issued a propaganda outline to urge various localities throughout the region not to shake their will in family planning work in the slightest degree.

The propaganda outline points out: In order to fulfill the three fighting targets put forward by the autonomous regional party committee, efforts should be made to accelerate the speed of developing the economy on the one hand and bring population growth under strict control on the other hand. It is necessary to further stabilize the existing policy on family planning work and to continuously encourage one couple to have one child throughout their life. In allowing rural people to have a second birth, rural authorities must strictly enforce the measure, strictly ban second or more births outside the plan, and strictly prohibit people marrying too early and giving birth too early. Minority nationalities should also implement the family planning policy in line with the demand of central authorities.

The propaganda outline also urges communist party members, CYL members, and cadres at all levels to actively respond to the party's call and be vanguards in family planning work.

**Fewer Rural Children Attend Nei Mongol Schools**  
*SK150437 Hohhot Nei Mongol Regional Service*  
in Mandarin 1100 GMT 12 Apr 88

[Text] Investigation data compiled by autonomous regional departments concerned have shown that the region's enrollment rate of rural school-age children in 1987 decreased from that of 1984. According to the recent investigation, the region's enrollment rate of rural school-age children in 1987 was 84.2 percent, a 3-percent decrease from the 1984 figure.

Many peasants displayed little enthusiasm for sending their children to schools. Reasons which have caused such a phenomenon are: First, the rate of rural students who are qualified to enter universities or colleges is extremely low. Second, the teaching quality of rural schools is low and the adaptability of these schools' teaching materials is weak. Third, many peasants only pay attention to immediate interests and lack long-term foresight. Fourth, students' parents' burden is too heavy because of the increase of tuition and sundry charges. The per student tuition and sundry charges in 1987 was 25 yuan, a 40-percent increase over the 1986 figure. The decline of enrollment rate of rural school-age children should be brought to the relevant departments' attention.

## Northeast Region

### Heilongjiang To Readjust 'Irrational Prices' *SK150515 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 13 Apr 88*

[Text] This year our province will incrementally readjust the irrational prices that hinder production development and, at the same time, grant staff members and workers appropriate subsidies when the prices of major foodstuffs rise. At the provincial commodity price work conference, which concluded today, Vice Governor Chen Yunlin said: This year we will offer suggestions to the state to gradually solve the problem regarding raw material prices that seriously deviate from the value. In addition, we will adopt some flexible policy measures within the framework of state policies to solve the problem concerning irrational prices that have already hindered the development of production to promote our province's economy.

Vice Governor Chen Yunlin also urged: All localities should conscientiously implement the method of granting staff members and workers appropriate subsidies for the changes in major nonstaple food prices that the State Council has already decided to adopt, and turn covert subsidies into overt subsidies. This is a new way to solve the problem in the prices of foodstuffs. Regarding the specific methods for our province's food subsidies, plans will be put forward in line with the requirements of the State Council and after investigations and estimation, and will be put into effect after discussions by the provincial government.

He pointed out: When new methods are put into effect, some supporting measures should be worked out in a timely manner. All localities should continue to strengthen the organization of and leadership over food production. Overall plans should be formulated for the foreign export trade and the domestic food market. Exports of foodstuff scarce in the country should be reduced as much as possible. We should exert utmost efforts to reduce circulation links, and circulation cost. We should resolutely check unauthorized price rises of capital goods for agricultural production.

## Northwest Region

### Gansu Leader Views Productive Forces Criterion *HK150149 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 14 Apr 88*

[Excerpts] The provincial party committee and government convened the fourth provincial organ discussion meeting on the productive forces criterion on 14 April, to further exchange experiences and spur the progress of this discussion throughout the province. [passage omitted]

Provincial CPC Committee Secretary Li Ziqi said: At present the localities and departments throughout the province are launching extensive discussions on the productive forces criterion; the development momentum is good. In the course of the discussion, everyone has deepened their understanding of the province's conditions and enhanced the sense of urgency over developing the productive forces. Many areas and departments have also put forward a number of specific policies in connection with reality and spurred the development of production.

On further arrangements, Comrade Li Ziqi said that generally speaking, the progress of the discussion in the province is uneven, and there are signs of just going through the motions. In the future, in launching this discussion, it is necessary to integrate theory with reality, the leadership with the masses, the economic departments with the party and mass departments, discussion over wide fields with analysis of typical cases, and finding out contradictions with formulating policies. We must promptly popularize good reform measures proposed by various localities and departments and carry out this discussion in depth. [passage omitted]

### Gansu City Cracks Drug Traffic Case *HK150707 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 14 Apr 88*

[Text] On the basis of clues provided by the masses, the Lanzhou City Public Security Bureau has cracked a drug traffic case, and seized 374.1 grams of drugs. Two criminals connected with this case have been detained to stand trial.

According to this station's Lanzhou-based correspondent (Wang Rongke), after receiving a mass report on drug traffic on 22 March, the Lanzhou Public Security Bureau immediately investigated the case.

At about 1100 on 24 March, (Xian Defu), a criminal connected with the case, carried some heroin and drove in a Crown limousine on a Lanzhou downtown (?street). The heroin was to be sold at 3,200 yuan per liang.

At about 1349 on 24 March, when (Xian Defu) and (Liu Yu) were concluding the transaction, after examining the merchandise, detectives from the city Public Security Bureau fell on them with the suddenness of a thunderbolt, caught them on the spot, and seized 360 grams of drugs and a pipe for opium smoking.

Following the cracking of this case, the city Public Security Bureau promptly made a concentrated effort to finish investigating the two criminals quickly. In addition, the bureau conducted searches according to law in the dwelling places of the two criminals. During the searches, the bureau seized a total of 14.1 grams of drugs from the cupboards in the two criminals' dwelling places.

**Qinghai Leader Stresses CPC Congress Spirit**  
**HK150209 Xining Qinghai Provincial Service**  
**in Mandarin 1400 GMT 14 Apr 88**

[Text] Provincial CPC Committee Secretary Yin Kesheng pointed out in his recent inspection of Hainan Tibetan Autonomous Prefecture that it is necessary to stress practice and action in implementing the spirit of the 13th National CPC Congress. Viewing the province as a whole, the reason why little success was achieved in work in the past is that we have not done enough practice. Now we must simultaneously put to work our mouths, hands, and legs and summon up great energy for hard work so as to achieve success in practice.

Yin Kesheng stressed that it is essential to get a good grasp of nationality work. He said that Qinghai has 35 nationalities. Strengthening nationality solidarity and developing the economy in the minority-nationality areas cannot be achieved without the party's nationality policies and the deepening of reforms. The leaders at all levels must firmly grasp the party's nationality policies, regularly and continually conduct education for the cadres and masses in policy, solidarity, and the deepening of reform, and prevent and stop problems that should not occur. We should do a good job in work regarding upper-strata religious figures and, through them, do a good job in mass work.

Yin Kesheng called on the leaders at all levels, as in the past, to strengthen unity. He said: In judging an area's stability and unity, we must look at the main current and at all aspects. In stressing unity, we precisely want to work in concert, proceeding from the desire to build and invigorate Qinghai. This should be the case in the autonomous prefectures and also in the counties. We must in particular give scope to the role of the counties. We should give free rein to people to work hard and fully display their talents.

In view of certain problems in work in the province, Yin Kesheng proposed that in the future, plans should be implemented as soon as they are put forward. In implementing them, we must strengthen services. On the one hand, we must strengthen the function of the leading organs in providing service for the grass roots. On the other, we must strengthen administrative measures and conduct education, provide guidance, and also intervene administratively to deal with certain backward conditions and phenomena; we cannot indulge such things. The aim of this is to serve the people.

**Qinghai Deputies Air City Price Hike Problems**  
**HK150243 Xining Qinghai Provincial Service**  
**in Mandarin 1400 GMT 14 Apr 88**

[Excerpts] The price problem has become a hot topic among the deputies attending the 3d session of the 10th Xining City People's Congress. The deputies said: The masses support price reforms, but prices must not be hiked indiscriminately.

The deputies reported that there has been serious price hiking by state-owned and collective enterprises and individual entrepreneurs in Xining in recent years. Last year, problems were found and legal action taken in 879 out of 5,100 units inspected; pricing anomalies totalled 2.3 million yuan. There were over 20 major cases involving amounts in excess of 10,000 yuan.

Some deputies said: The general retail price index in Xining rose by 7.8 percent last year. Food accounted for the bulk of this increase. As a result of the rising prices, the actual living standards of the following three categories of people declined last year: 1) cadres, teachers, and research personnel working in state organs, schools, and scientific research units, who had no income from other sources; 2) staff and workers of enterprises and units where production and operational returns are poor; 3) retired people, and urban residents without any source of income.

The deputies suggested that it is essential to seek truth from facts in carrying out price reforms. This reform must be carried out in a planned and measured way in line with the state's unified arrangements. [passage omitted]

In recent years, the sown area of vegetables at Xining has declined each year due to lack of coordination in work. The city has had to rely on supplies from elsewhere, and vegetable prices have risen greatly, with big price differentials between local and imported vegetables. State-owned shops in Xining sell 50 percent of the vegetables in the city. Certain state-owned shops, far from acting as a main channel for holding prices down, have actually taken the lead in indiscriminately hiking prices, seriously harming consumers' interests. This phenomenon must be resolutely corrected.

**Shaanxi County, Township Leaders Air 'Vexations'**  
**HK150451 Xian Shaanxi Provincial Service**  
**in Mandarin 0030 GMT 15 Apr 88**

[Text] A number of county and township governors in Shangluo Prefecture have reported in a survey that there are five vexations in grass-roots leadership work at present: Networks of relationships, lack of separation of party and government functions, barriers between higher and lower levels and between different departments and regions, contacts and social intercourse, and endless documents and meetings. All these things interfere with the normal exercise of leadership work.

Two-thirds of the county governors surveyed said that there are all kinds of interlaced and overlapping networks of relationships in the localities. If you touch just one part, the whole thing springs into action. As a result, it is hard to implement many work tasks. It is all the more difficult for leaders undertaking leadership work in their own localities. They all hoped for a change of working environment.

Lack of separation of party and government functions, with policies originating from many different departments, really vexes the county and township leaders. They said: Even now, the party organizations are still monopolizing government affairs at the grass roots in many localities. In fact the government cannot do the things it is supposed to be doing. As a result of barriers between higher and lower levels and between different departments and areas, with policies originating from a variety of departments, the counties and townships find it difficult to coordinate things.

Inspections conducted by the upper levels and documents and meetings are also irritations to the grass roots.

The county governors reported that they devote considerable time and energy to social intercourse such as greeting and sending off visitors, reporting to them, and accompanying them on tours. And many of these inspections and guidance are of no use to them and cannot solve any problems at all.

The county and township governors surveyed all said that they have to spend at least half their time every month attending meetings. They urgently called for speeding up the pace of reforms, improvement of work style, and enhancement of work efficiency.

**Editorial Praises 'Dual Recognition' Policy**  
*OW141245 Taipei CHINA POST in English*  
*8 Apr 88 p 4*

[Editorial: "Dual Recognition"]

[Text] The Republic of China [ROC] withdrew from the United Nations in 1971 after the U.N. General Assembly voted to admit Communist China. It has since refused to participate in several international organizations joined by Peking, some of which asked the ROC to retain its membership under a different name.

For this reason, the ROC did not attend the last two annual conventions of the Asian Development Bank [ADB]. In a bold and unprecedented move, however, it has decided to re-join the ADB this year.

It has been argued that if we had stood by our uncompromising stand over our name, we would have helped Communist China isolate us from the rest of the world.

However, our powerful economy and large foreign exchange reserves are a guarantee that the ADB would welcome us, just as countries with which we have no diplomatic ties are eager to establish trade relations with us. But the name issue is still a sensitive problem we have to overcome.

Following a proposal by Wei Yung, chairman of the Research, Development and Evaluation Committee, people have begun to question the possibility of "dual recognition," that is, allowing foreign countries to have formal ties with Peking and Taipei simultaneously.

Politically, we are not strong and, theoretically speaking, dual recognition would appear to be to the advantage of our national interests.

One may argue that if it is feasible for South Korea and West Germany, there is no reason why dual recognition cannot apply to us. But then, the division of Korea and Germany are almost equal while the size of Taiwan can hardly compare with that of the mainland.

If we were to talk about dual recognition, one precondition would be the clarification of our own status. Would we be recognizing the existence of two Chinas, which is against national policy and would provide Peking with an excuse to invade Taiwan?

Even if we were to accept dual recognition, the decision would not be just ours to make. It would involve mainland China and foreign countries, without whose recognition, the idea could hardly be realized.

But the fact that dual recognition is being discussed at all is a sure sign that the government is finally coming out of its rigid shell. The stand that one is either a friend or a foe is no longer feasible at this time and place.

The government's efforts to adopt a more flexible diplomatic policy to develop and maintain ties with foreign nations are to be appreciated and supported.

**U.S. Aid Urged After 'Mock Invasion' by Mainland**  
*OW141127 Taipei CHINA POST in English*  
*9 Apr 88 p 4*

[Editorial: "Chinese Communist Mock Invasion of Taiwan"]

[Text] The recent Chinese Communist military exercise on Hainan Island staging a mock invasion of Taiwan and its offshore islands should convince free people everywhere of the sinister plots of the Chinese Communists to use force against the Republic of China [ROC] at an early date.

Live ammunition was used to clear the mines while warships and wawr planes joined in to weaken the blue force's coastal defense. The troops landing exercises were impressive, showing off the communist amphibious operations.

On releasing the videotape of the recent Chinese Communist military exercise, military spokesman Major General Chang Hui-yuan warned the people of this nation to guard against Chinese Communist invasion from across the Taiwan Strait.

Chang also revealed that since the government lifted the emergency decree last July 15, the Chinese Communists have sent into our territorial waters a large number of fishing trawlers carrying weapons and little fishing gear.

In addition, the ROC Navy discovered last month 2,997 mainland fishing trawlers staging a military exercise at the mouth of the Min Chiang River opposite Matsu under the cover of carrying out eel fishing operations. The Chinese Communists also staged a military maneuver on the Chou-Shan Islands off the coast of Chekiang, during which guided missiles were fired.

All these activities show the increasing readiness of the Chinese Communists to attack and invade Taiwan. The people of this nation should not remain complacent in leading a busy and prosperous life without restraint and forgetting that our mortal enemy is constantly plotting our downfall.

While the military must have sounded an alert in its sacred mission of guarding our security by stepping up defensive measures, it is imperative that all civilians stop divisive activities in all walks of life and become alert to the Chinese Communist imminent threats to our security and welfare. It is high time members of all political parties stopped squabbling and confronted the imminent dangers facing this nation.

**At the same time, the government should carefully watch all dissidents in our midst to prevent them from fishing in troubled waters or serving the Chinese Communist cause.**

**It is high time the United States implemented the Taiwan Relations Act (TRA) by letter and spirit to give the ROC government all necessary "defensive articles and defensive services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability" as called for by Section 3 (A) of the TRA.**

**At the same time, President Ronald Reagan should inform the U.S. Congress as required by Section C of the TRA of the imminent threat to the security... [ellipses as published] of the people of Taiwan and determine appropriate action by the United States in response to any such danger.**

**As many U.S. scholars have had discussions with their Chinese counterpart and reviewed the TRA at a conference on ROC-U.S. relations, this is a good opportunity for them to voice their opinions on the Chinese Communist military threats to the ROC.**

**Moreover, the Chinese Communist military threats to the ROC should render invalid the Aug. 17, 1982 joint communique, which was based on the peaceful intention of the Chinese Communists.**

**Editorial Discusses 'Rational' Mainland Policy**  
*OW141225 Taipei CHINA POST in English*  
*10 Apr 88 p 2*

**[Editorial: "A Rational Mainland Policy"]**

**[Text] Since late last year, the people in Taiwan have been permitted to visit their relatives on the mainland. This is a significant change in the ROC's [Republic of China] mainland policy which traditionally forbade direct contact between the people on the two sides of the Taiwan Strait.**

**This decision was made on humanitarian grounds, but it reflects a self-confidence that the mainland returnees will love Taiwan even more profoundly after their visit to the other side of the strait.**

**The government is to review the impact of this decision and revise its overall mainland policy in the near future when the predetermined six-month observation period expires.**

**In the past several months, thousands of Taiwan residents visited their native places on the mainland and returned with personal, first-hand impressions of the mainland. The overwhelming majority of the visitors are**

**now more convinced than ever that the quality of life in Taiwan is far better than that on the mainland and that the national development in the ROC has been on the right track.**

**With the self-confidence positively confirmed, the forthcoming revision of the mainland policy would undoubtedly be in the direction of the further liberalization. Certain rigid regulations and controls could be eased, which could cover a wide range of aspects including cultural, commercial, technological and humanitarian exchanges.**

**It is commonly recognized that the future of the mainland lies with Taiwan and the future of Taiwan lies with the mainland. Therefore, the ROC's mainland policy will affect the future of the entire Chinese nation.**

**We believe the core of a healthy Taiwan-mainland relationship is a healthy Taiwan itself, with its society stable, harmonious, democratic, prosperous and socially equitable.**

**Taiwan has been regarded by the mainlanders as a model of achievements by the Chinese people. It has already influenced the mainland with its successes. It is believed that the more successes Taiwan achieves the more substantially it will help the mainland, simply because this will stimulate the mainland to learn more from Taiwan.**

**Peace is the foundation for national construction for both Taiwan the mainland and for a smoother relationship between the two sides. In view of the fundamental importance of maintaining peace across the strait, it appears advisable for our government to announce that the ROC will not initiate a hot military confrontation against the mainland.**

**Yet, since the Chinese Communists have never renounced the option a military invasion of Taiwan and this threat has been forcefully renewed by its recent military exercise staging a mock invasion of Taiwan, we have no other choice but to reinforce our national defense and to keep our armed forces highly alert such that peace can be securely guarded.**

**In the meantime, we should be wise enough to avoid irritating the Chinese Communists. Foolish and crazy ideas like Taiwan independence or alliance with the Soviet Union, which would definitely invite Peking's invasion, must be positively refuted.**

**With peaceful coexistence between the mainland and Taiwan as a precondition, the ultimate goal of our mainland policy should be the attainment of one China under the Three Principles of the People. But today, these principles are not familiar to the mainlanders. The alternative interpretation could be national and individual freedom, equality, prosperity and democracy, which can be readily understood by all people.**

This ultimate goal cannot be attained in a short period of time. The strategy would be to maintain flexibility with periodical reviews and adjustment to suit the changing conditions.

Poverty is presently a main cause of misery of the Chinese people on the mainland. The economic conditions of the mainland and Taiwan appear to be mutually supplemental. The mainland is rich in labor forces and natural resources, which are in short supply in Taiwan, while Taiwan is rich in capital and relatively modern technology, which are badly needed on the mainland.

Besides, the mainland is a potential large market for Taian's products and the vice versa is also true. Cautious, indirect but effective mutual cooperation at the non-government level should be gradually developed. It is hoped that the economic development on the mainland can thereby be speeded up, thus helping to improve the living standard of the mainland Chinese people.

The "Cultural Revolution" on the mainland, which lasted for some 10 years between 1967 and 1977, was the greatest disaster in man's history. The damages done are beyond calculation. The value of the traditional Chinese culture was abolished on the mainland.

However, this value has been demonstrated by the achievements of the "four little dragons," which are all profoundly influenced by the traditional Chinese culture. We believe that efforts should be made in cultural exchanges to counteract the residual post effect of the "Cultural Revolution" on the mainland. Scholars from Hong Kong and Singapore would be welcome to participate in such exchange gatherings.

The mainland's overseas students are the cream of its younger generation. They love their fatherland and disfavor the communist regime as much as we do. They want to learn the story of success from Taiwan for application on the mainland. We should provide every opportunity to their satisfaction without any strings attached and do our best to protect their security after their return to the mainland.

A major revision of the ROC's mainland policy is being formulated. The ultimate goal is one China, with national and individual freedom, equality, and prosperity under a democratic system. The goal cannot be attained shortly.

Presently, we should guard the island of Taiwan safely, advance its national construction and, in the meantime, open up avenues for cultural and economic exchanges with a warm, helping hand extended to our brothers and sisters on the mainland.

**Mainland Third Largest Buyer of Local Textiles**  
*OW122300 Taipei CHINA POST in English*  
*7 Apr 88 p 6*

[Text] Mainland China has become the world's third largest buyer of Taiwan textile products, purchasing a full 15 percent of the island's total textile exports, the Taiwan Textile Federation [TTF] revealed yesterday.

Trade between the two areas is commonly carried out through middle-men stationed in Japan or Hong Kong, and it was the first time the TTF revealed data on such trading between Taiwan and the mainland.

In 1987, mainland China purchased US\$660 million worth of textile products from Taiwan, a 22 percent increase above the US\$547 million recorded in 1986, the TTF said.

Man-made fibers and yarns comprised by far the largest share of textile goods bought from Taiwan, but the mainland also purchased 22 percent of Taiwan's woolen yarn exports, 10 percent of its knitted wear exports and 19 percent of its backing fabric for plastic sheet.

Mainland purchases in 1987 of knitted wear and backing fabric for plastic sheet grew 41 percent and 113 percent respectively over 1986, added the TTE.

Along with the impressive sales statistics, the TTE also issued a warning to textile manufacturers that such robust trade may not continue for long since the mainland has publicly declared it expects to achieve self-sufficiency in production of man-made fibers and yarns by 1990.

**Export Growth Shows Decline Since June 1987**  
*OW121213 Taipei CNA in English 0943 GMT*  
*12 Apr 88*

[Text] Taipei, April 12 (CNA)—Since last June, the ROC's [Republic of China] foreign trade has undergone marked changes, with the appearance of a number of unfavorable factors calling for public concern, the Council for Economic Planning and Development [CEPD] said Monday.

Most evident of these changes, CEPD officials said, is that the growth of exports has been on the decrease since the last half of 1987. This was particularly true in March.

They cited the unfavorable factors as follows:

—The practice of advancing exports and delaying imports by manufacturers is now no longer pursued. Manufacturers used to employ this method as a hedge against the appreciation of the New Taiwan Dollar. With the parity rate stabilized since the end of last year, this practice is not necessary now.

—The rise of labor costs. Although labor costs were lower in the second and third quarters of last year, they showed a marked increase in the fourth quarter that caused adverse effects on export industries.

—The disappearance of short-term favorable elements, such as the political instability in the Philippines in 1987, disturbances in South Korea and the slowing of foreign investment on Mainland China. These events had driven many foreign orders to Taiwan during 1987.

**'Fisticuffs' Trigger Legislative Yuan 'Melee'**  
*OW141131 Taipei CHINA POST in English*  
*8 Apr 88 p 16*

[Text] Opposition Legislator Chu Kao-cheng tried to punch the legislature's chairman yesterday, triggering the worst brawl in the four-decade history of the body.

Acting speaker Liu Kuo-tsai, 76, said Chu, 34, threw a punch at him but missed as Liu was about to put to a vote a motion to start review of the Central Government budget for fiscal 1989.

Chu had rushed to the podium, jumped on top of the speaker's table, grabbed Liu's microphone and smashed it to protest what he said was an "unconstitutional budget."

Jaw Shau-kong of the ruling party then grabbed Chu by the hand and pulled him from the podium. The two rolled down a short stairway leading from the podium to the main floor as they scuffled.

The fisticuffs triggered a melee among about 30 to 40 legislators from the ruling Kuomintang [KMT] and opposition Democratic Progressive Party [DPP].

Both Jaw and Chu suffered slight bruises and had their eyeglasses knocked off.

Chu later accused three KMT legislators of kicking and punching him after he fell to floor.

After the three-minute melee, Liu called for a vote and legislators overwhelmingly passed the motion to start the budget review.

Liu, who is vice president of the Legislative Yuan, was presiding over yesterday's session in the absence of the yuan's president, Nieh Wen-ya, who was accompanying a visiting Greek parliamentarian.

Earlier, another DPP legislator, Wang Tsung-sung, had also darted up, grabbed Liu's gavel and repeatedly pounded it on the speaker's table.

Opposition lawmakers yesterday demanded that the proposed budget be returned to the Executive Yuan, or cabinet, for restructuring, but their proposal fell short of the 20 votes required to form a motion.

They argued that the defense budget, which accounts for 33.7 percent or the largest share of the proposed national budget, should be cut because martial law has been lifted.

About one-third of the proposed national budget of NT [New Taiwan] \$568.3 billion would go to defense.

DPP legislators wanted the national budget to be restructured to emphasize social welfare as stipulated in the constitution.

They also claimed that money earmarked for science, education and other purposes would also be used for defense.

The government has said defense spending cannot be cut at a time when the Communist Chinese have repeatedly threatened to invade Taiwan.

Later in the day, the DPP held a press conference saying it "firmly supports" Chu.

Chu denied that he tried to punch the acting speaker.

He defended his jumping on top of the speaker's table and grabbing microphones, saying "his actions would be tolerated in parliaments of foreign democratic countries."

Meanwhile, Jaw urged fellow countrymen in a news conference to "denounce violence."

Jaw said he regretted the incident, but warned the DPP "not to underestimate the society's call for justice."

After having a physical examination at National Taiwan University Hospital, Jaw said he is reserving his right to file assault charges against Chu.

**Parties Agree To Commute Sedition Sentences**  
*OW140323 Taipei CNA in English 0235 GMT*  
*14 Apr 88*

[Text] Taipei, April 14 (CNA)—The Kuomintang [KMT] and the Democratic Progressive Party [DPP] have agreed in principle to include those convicted of sedition in the list of prisoners whose jail terms will be commuted under a government clemency program.

The agreement was reached Wednesday between Liang Shu-jung, deputy secretary general of the KMT Policy Coordination Committee and Chiu Lien-hui, convenor of the DPP's Legislative Yuan caucus.

The KMT official also agreed to study soon the possibility of restoring civil rights to those previously convicted on charges of sedition, while the DPP promised that it will not boycott the Legislative Yuan's consideration of the KMT-proposed commutation program.

To accelerate the legislative passage of the Clemency Bill, an additional Legislative Yuan session will be held Friday to screen the program.

**DPP Urged Not To Stop Dialogue With KMT**  
*OW131151 Taipei CNA in English 0259 GMT*  
*13 Apr 88*

[Text] Taipei, April 13 (CNA)—The "Democratic Progressive Party" [DPP] should not unilaterally suspend its "dialogue" with the ruling Kuomintang [KMT], a political observer here said Tuesday.

Confrontation between the KMT and DPP has sharpened following a series of incidents, such as street clashes between DPP members and their followers and law enforcement officers, and quarrels between legislators and fistfights during Legislative Yuan sessions.

The DPP, in its Central Standing Committee meeting Monday, decided to close "channels of communications" with the ruling party.

The observer noted that communications between the KMT and DPP will enhance their mutual understandings and thereby ease tensions and help resolve conflicts between them.

The general public will not be happy to see the rift widened and conflict deepened as a result of the DPP's decision to stop its dialogue with the KMT, the observer said.

He pointed out that the absence of a consensus between the KMT and DPP on several sensitive issues was to blame for the increasing confrontations.

Not only the KMT and DPP will suffer, but the nation's political stability will also be adversely affected by the confrontations, he warned.

Urging the DPP to think again about the issue, the observer said for the good of the nation as a whole, the DPP should be more open-minded and farsighted and should return to the "communications" table with the KMT so as to help break the political deadlock.

**KMT Official on Importance of 13th Congress**  
*OW130639 Taipei CNA in English 0240 GMT*  
*13 Apr 88*

[Text] Taipei, April 13 (CNA)—A ranking Kuomintang [KMT] official said Tuesday that the convening of the 13th KMT National Congress, called by the late Chairman Chiang Ching-kuo to help the ruling party well adapt itself to the ever-changing domestic and international situation, will be an event of special significance.

The official said President Li Teng-hui, acting KMT chairman, will address the opening ceremony, to be held in the 12,000-seat Chung Cheng Stadium in Linkou, suburban Taipei, July 7.

Premier Yu Kuo-hua and Li Huan, secretary general of the KMT Central Committee, will also deliver reports on government administration and party affairs during the session.

A 30-minute special program has been arranged for participants at the ceremony, during which recordings of talks by the nations father, Dr. Sun Yat-sen, and by the late presidents Chiang Kai-shek and Chiang Ching-kuo, will be played.

He denied a rumor that the ruling party is planning a TV and movie star show at the opening to highlight the congress. He said, however, China Television Company would telecast the opening ceremony live.

**Taipei Mayor Receives Atlanta, Georgia Delegation**  
*OW141503 Taipei CNA in English 1443 GMT*  
*14 Apr 88*

[Text] Taipei, April 14 (CNA)—A 13-member Atlanta Chamber of Commerce delegation, led by George Busbee, former Georgia state governor, and accompanied by Andrew Young, mayor of Atlanta City, called on Taipei Mayor Hsu Shui-te Thursday.

They discussed mass rapid transit systems in Taipei and Atlanta, urban construction problems, and other matters.

Hsu told his U.S. visitors that Taipei can learn a great deal from Atlanta about the building of a mass transit system to improve Taipei's daily worsening traffic jams.

Construction of the Taipei mass transit system will begin soon and is scheduled to be completed in 1999.

Hsu presented keys to Taipei to Busbee and Young as tokens of goodwill for their visit.

Busbee and his delegation are currently on a three-day visit to the ROC [Republic of China]. The delegation will leave Friday.

**British Trade Mission To Arrive 20 April**  
*OW130605 Taipei CNA in English 0312 GMT*  
*13 Apr 88*

[Text] Taipei, April 13 (CNA)—The British Overseas Trade Committee will dispatch a mission to arrive in Taiwan on April 20 and stay for 3 days, the Anglo-Taiwan Trade Committee [ATTC] announced Tuesday.

Both Chairman Sir James Cleminson, and Peter Godwin, director of Standard Chartered Bank, as well as president of ATTC, will lead the 10-member group.

Other members of the group include W.J. Hall of the British Government's Department of Trade and Industry, and leading executives of British firms such as ICI, Lucas Automotive, and Smith's Industries Ltd.

ICI already has important wholly-owned factories in Taiwan, and there are plans for future expansion, and another firm specializing in treatment of effluent wastes will be represented also. The success of British environmental clean-up effort in bringing the River Thames back to a healthy state may find some willing learners in Taiwan, the committee points out.

**Cultural Ties With Saudi Arabia Planned**  
*OW130020 Taipei International Service in English  
0200 GMT 12 Apr 88*

[Text] A joint communique was signed Monday by Vice Education Minister Chao Chin-ch'i and Saudi Arabian Deputy Minister of Higher Education Dr 'Abd-al-Rahman al-Shubayli, opening a new page in cultural exchanges between Taipei and Riyadh. The Eighth Session of the Sino-Saudi Permanent Committee on Cultural Cooperation was held between 7 and 9 April. During the 3-day meeting, the two sides held discussions on cultural and educational cooperation and exchanges of youth and sports groups.

The ROC [Republic of China] vice education minister said: Based on longstanding friendship, the ROC and Saudi Arabia will seek to further promote exchanges in various fields.

**St Christopher's Prime Minister Arrives for Visit**  
*OW130553 Taipei CNA in English 0235 GMT  
13 Apr 88*

[Text] Taipei, April 13 (CNA)—A 5-member delegation of Saint Christopher and Nevis, led by Prime Minister and Mrs. Kennedy A. Simmonds, arrived in Taipei Tuesday for a week-long visit.

Other members of the delegation are Hugh C. Heyliger, minister of agriculture, lands, housing and development; Terrence Byron, ambassador of Saint Christopher to the Republic of China; and Aubrey Hart, permanent secretary for development and director of planning unit, ministry of agriculture, lands, housing and development.

While in Taiwan, the delegation will call on Premier Yu Kuo-hua, Foreign Minister Ding Mou-shih, and other government officials and visit the cultural and economic establishments of the Republic of China.

Prime Minister Simmonds, on behalf of the Government of Saint Christopher, will sign a joint communique with Premier Yu.

The delegation is scheduled to depart on April 18.

### Hong Kong

**Monetary Secretary Counters Group of Seven Appeal**  
**HK141140 Hong Kong AFP in English 1123 GMT**  
**14 Apr 88**

[Text] Hong Kong, April 14 (AFP)—Hong Kong Secretary for Monetary Affairs David Nendick said Tuesday that the British colony should not be put in the same league as other newly-industrialised countries in Asia.

Mr Nendick claimed that Hong Kong had no trade barriers and did not have a "visible" trade surplus with the rest of the world.

The claim followed an appeal to South Korea, Taiwan, Singapore and Hong Kong by the Group of Seven (G-7) leading industrial nations in Washington Wednesday to "accept greater responsibility" for correcting international imbalances.

The G-7 finance ministers and central bank governors "urged them to continue to take actions to reduce trade barriers and to allow their currencies to reflect fully the underlying strength of their economies."

Mr Nendick asserted that the Hong Kong dollar, linked at 7.80 to the U.S. dollar since October 1983, "reflects fully the underlying strength of the Hong Kong economy." The G-7 statement "certainly in no way is going to shake our own determination to continue with the link at its present rate," he said.

The linked exchange rate came under heavy speculative pressure in late 1987 and earlier this year amid similar calls for revaluation from major industrial countries in December and the Hong Kong dollar soared to 7.75 at one stage.

The Hong Kong Association of Banks has threatened to impose punitive charges on large Hong Kong dollar deposits in a bid to deter speculative buying of the currency. The legality of the controversial measure has been challenged in the colony, although it has not yet been implemented.

The Hong Kong dollar has been hovering around 7.80 to the U.S. dollar for the past two months.

**Shanghai Trade Group Boosts Hong Kong Ties**  
**OW140745 Beijing XINHUA in English 0827 GMT**  
**12 Apr 88**

[Text] Hong Kong, April 12 (XINHUA)—A trade delegation from the Shanghai economic zone will explain the Yangtze River Delta's economic potential and industrial climate to Hong Kong business people next week.

According to the Hong Kong Trade Development Council, the 21-member economic and industrial cooperation delegation from the Shanghai economic zone, which includes Shanghai municipality, and Zhejiang, Jiangsu, Anhui and Jiangxi provinces, is scheduled to arrive in Hong Kong, April 18.

The delegation will host a seminar and conduct a series of trade talks with Hong Kong entrepreneurs during an 11-day visit, which has been organized by the council and the State Council's Shanghai Economic Zone Planning Office.

Delegation members will meet with local and Hong Kong-based foreign business people about 100 cooperative projects mainly involving electronic equipment and components, lasers, telecommunications systems, computers, textiles, toys, and microwave and audio equipment.

"More preferential policies for overseas investors and more autonomy for domestic enterprises in the Shanghai economic zone have opened up enormous opportunities for Hong Kong business people," a council spokesman said, "which include using the Yangtze River Delta as another sub-contracting base for central east China in addition to the Pearl River Delta."

Hong Kong is Shanghai's second biggest foreign investor after the United States, and as of this February had pumped 440 million U.S. dollars into the city.

**PLA Likely To Take Over Barracks in 1997**  
**HK130959 Hong Kong SOUTH CHINA MORNING**  
**POST in English 13 Apr 88 p 1**

[From Terry Cheng in Beijing]

[Text] China's army, navy and air force will be stationed in Hong Kong after 1997, a member of the Chinese team to the Sino-British Joint Liaison Group said yesterday.

Mr Zheng Weiyong said the Chinese army would send a mission to the territory to inspect military facilities.

Barracks for the future garrison of the military, naval and air forces of the People's Liberation Army would be identified and more than likely the existing barracks used by British forces would be taken over, he said.

He indicated, however, that all existing facilities would not be needed because the number of Chinese soldiers would be smaller.

At present, the British Garrison of about 12,000 is scattered throughout Hong Kong.

Mr Zheng said talks about the future defences of the territory were "not over".

The timing of the British withdrawal was a major item of the group's agenda, as were details of plans to replace existing functions of the troops.

The group late last year agreed in principle that the territory's police force, at present about 25,000 strong, would be built up—perhaps even doubled in the next 10 years—to fill the void created by the gradual withdrawal of British troops, particularly those engaged in border patrols.

It was also reported that the group had agreed in principle that the Royal Hong Kong Regiment, the 1,250-man part-time regiment also called the Volunteers, would be disbanded by 1997.

Following these discussions, the Hong Kong Government has drawn up recruitment plans with a view to expanding the Police Tactical Unit.

Mr Zheng also said the Joint Liaison Group, which will be based in Hong Kong from July, would not discuss the development of Hong Kong's political system and direct elections unless there were "major problems".

In a reception for Hong Kong and Macao journalists in the new building of the Hong Kong and Macao Affairs Office, Mr Zheng, who is also a department head of the office, said the group would only discuss matters which would have consequences after 1997.

"We will not meddle in affairs which are under the jurisdiction of the Hong Kong Government," he said.

Mr Zheng said a demarcation line would be clearly drawn between affairs which would have consequences after 1997 and other matters.

For instance, the question of identity cards to be used beyond 1997 had to be tackled now, he said.

Mr Zheng said the development of the political system and direct elections were to be decided by the Hong Kong Government, although Beijing was concerned that they should converge with provisions of the Basic Law.

He said communications between the two countries would be strengthened as members of both sides could exchange views more often in Hong Kong before their formal meetings.

At the same reception, the vice-director of the Hong Kong and Macao Affairs Office, Mr Li Hou, said Mr Ji Pengfei's retirement as a state councillor would not affect his work as the director of the office.

"Mr Ji is still in charge of the Hong Kong and Macao Affairs Office within the State Council," said Mr Li when asked if a vice-premier or another state councillor would take charge of the two territories' affairs.

He said Mr Ji would visit Hong Kong this year to meet people of various sectors to seek their views about the draft of the Basic Law, which is scheduled to be approved later this month for release early next month.

He said officials who visited Hong Kong in connection with the Basic Law might meet Executive and Legislative Councillors.

As to the proposed debate on the Basic Law by the British parliament, Mr Li said there were no ways Beijing could prevent it.

He would not say now that it would be impolite for the British parliament to carry out the debate. He denied last week's remarks by former Foreign Minister Wu Xueqian contradicted his own earlier comments.

**Special 'Hotline' Set Up for Aquino Visit**  
*HK150201 Hong Kong SOUTH CHINA MORNING POST in English 15 Apr 88 p 2*

[By Charles Lewis and Mary Ann Benitez]

[Text] A Hong Kong-Manila hotline will be in force for President Corazon Aquino's visit to the territory, which starts tomorrow.

And her personal jet will be fuelled and waiting to rush her home at a moment's notice should trouble occur in her politically volatile nation.

The hotline will keep her in constant touch with her military leaders, including Defence Secretary General Fidel Ramos and Presidential Executive Secretary Kata-lino Macaraig.

The two officials have been designated as "caretakers" in her absence, amid rumours of a planned rebel coup.

There are also worries that pro-Marcos loyalists among the Filipino community in Hong Kong could cause trouble to embarrass Mrs Aquino.

The night airport curfew will be lifted during her stay in Hong Kong, allowing her to leave at any time.

The SOUTH CHINA MORNING POST has also learned that several of Mrs Aquino's personal bodyguards will be allowed to carry firearms while in Hong Kong.

Hong Kong has historically been a favourite meeting point for opponents of the Philippines' rulers. In 1898 in Hong Kong, a group of exiled Filipinos voted to send General Emilio Aguinaldo to the Philippines to re-start the revolution against Spanish colonial rule.

In 1984, then opposition leaders Jovito Salonga, now Senate president, Mr Raul Manglapus, now Foreign Secretary, and Mr Agapito Aquino, now a senator and a

brother of Mrs Aquino's murdered husband Benigno, gathered in Hong Kong to map out a stand against former President Ferdinand Marcos.

When the presidential jet leaves Chinese airspace at Guangzhou and enters Hong Kong's airspace, the air lanes along her route will be kept as clear as possible until the jet touches down at Kai Tak Airport.

After the 6 pm touch down, the jet will be directed to a specially prepared apron where it will be immediately refuelled ready for take-off.

Police have assigned two special units drawn from the crack anti-terrorist team of the Special Duties Unit and the Airport Security Unit to man the airport and nearby buildings.

Mrs Aquino will be driven from the airport in a bullet-proof limousine with security provided by Special Branch officers to the Regent Hotel in Tsim Sha Tsui.

Extra police officers from Tsim Sha Tsui and Yau Ma Tei districts will patrol the area outside the hotel, while the building will be guarded by officers from Special Branch and hotel guards.

Security will also be tightened at St Margaret's Church in Happy Valley on Sunday, where Mrs Aquino will attend Mass and where thousands of Filipino maids are expected to gather.

Although admission to the church service is not restricted, several pews have been reserved for Mrs Aquino and her official delegation, the press corps who have been travelling with her from China and Philippine Consulate officials.

Police said last night special traffic arrangements would be in force in Happy Valley.

Broadwood Road between Ventris Road and Wong Nai Chung Road will be closed to traffic, except emergency vehicles.

Several other roads, including Ventris Road, Link Road and Sports Road will have special restrictions.

All street parking spaces in Ventris Road and the car park on Wong Nai Chung Road opposite Broadwood Road will be suspended.

Mrs Aquino and her 68-member entourage will leave Hong Kong for Manila at 4 pm on Sunday.

**Export Figures Show Less Dependence on U.S.  
HK131031 Hong Kong SOUTH CHINA MORNING  
POST (BUSINESS POST) in English 13 Apr 88 p 3**

[Text] The latest trade statistics indicate that local manufacturers are continuing to cut down their dependence on the U.S. market.

Figures released yesterday by the Census and Statistics Department show that domestic exports to the U.S. increased by 13 percent during the first two months of the year compared with the same period last year.

However, growth rates for the UK, West Germany and China were considerably higher, at 43 percent, 36 percent and 26 percent respectively.

Growth into the Japanese market was running well below last year's average of 53 percent, but was still a healthy 26 percent for the two-month period.

The U.S. still remained the largest market by far for the territory's goods, but absorbed only 33.7 percent of domestic exports for the two months, down from the average of 37.3 percent for 1987—although seasonal variations may have affected the figures.

Hong Kong's total merchandise trade for the first two months was valued at \$126 billion, an increase of 34 percent compared with the same period last year.

Domestic exports increased 25 percent to \$30 billion while re-exports leapt 52 percent to \$34 billion.

The value of imports rose by 29 percent to \$26 billion.

Imports from China rose by 31 percent to \$18.8 billion compared with the first two months of last year.

Imports from Japan grew by 26 percent to \$11.4 billion, while the value of goods coming from Taiwan rose by 26 percent to \$5.4 billion.

Imports from the U.S. rose by 16 percent in value to \$5.1 billion.

In the area of re-exports the value of goods destined for China rose by 43 percent to \$10.4 billion during January and February.

Re-exports to the U.S. grew by 44 percent to \$6.5 billion, while the value of re-exports to Japan leapt by 89 percent to \$2.1 billion—both figures reflecting the success of China's own export drive.

**Officials Free To Comment on Draft Basic Law**  
*HK130951 Hong Kong SOUTH CHINA MORNING POST in English 13 Apr 88 p 4*

[Text] Government officials have been given permission to air their views on the Basic Law when the first draft is reloaded for public consultation next month.

The go-ahead was given yesterday by Deputy Chief Secretary John Chan Cho-chak, who stressed that civil servants were free to make public their views but only in their capacity as private citizens.

The way is now clear for about 400 administrative officers, considered the highflyers in the Government, to contribute to discussions on the post-1997 constitution.

The Hong Kong Government's position is that it will not play any active role in organising or canvassing public opinion on the mainland document during a five-month consultation period.

Beijing has stipulated that the Basic Law is a matter for China and does not want any interference from the British or Hong Kong governments. However, it has backed down from earlier hard-line demands that parliament and the Legislative Council should not debate the issue.

Canvassing of local views will be co-ordinated by a consultative committee which will hold seminars and debates besides distributing Basic Law material to the public.

A vice-chairman of the consultative committee, Mr Lo Tak-shing, plans to write to all Government administrative officers to encourage them to speak up.

**Governor Urges Development of Transportation**  
*OW130425 Beijing XINHUA in English 0819 GMT 8 Apr 88*

[Text] Hong Kong, April 8 (XINHUA)—It is vitally important that the port and airport development study and the comprehensive transport study should be taken forward as quickly as possible, according to Hong Kong Governor David Wilson.

He pointed out that the amount of trade between Hong Kong and the Chinese mainland had grown 235 percent in 4 years, or an average of 35 percent each year.

"We must make sure we are prepared and able to cope with these new demands," he said.

"From the talks we have had with the Chinese authorities, it is clear that we can expect further very substantial increases in the extent to which all of Hong Kong's means of transport—sea, air, road, and rail—will be used for the transhipment of goods to and from China," he said.

As south China will continue to grow in economic importance, it is necessary to ensure that the facilities in Hong Kong will remain attractive and competitive, Wilson said.

"Our geographical location, our transport infrastructure, and our experience and expertise, give us a unique opportunity to make Hong Kong not only a major regional center for southern China, but a catalyst for development in a region, which could well be one of the key areas of growth in this part of the world over the next few decades," he said.

Wilson said the Hong Kong Government expected to have answers to the question of how to develop the port by the end of next year. "It should then be in a position to make a decision whether and if so, when and where, to relocate the airport," he said.

Hong Kong was the busiest container port in the world in 1987, when it handled 3.45 million 20-foot equivalent units. Hong Kong's single-runway airport accommodated 12.6 million passengers and handled 610,000 tons of cargo last year, ranking the sixth in the world. But, throughput is approaching saturation of the capacity of both port and airport facilities and local experts are worried that development of the facilities would fail to meet further demands.

Earlier this year, the Hong Kong Government earmarked 40 million Hong Kong dollars (over 5 million U.S. dollars) for studies of comprehensive development of road, port, and airport projects.

**Cable TV Group Signs Accords With PRC Firm**  
*HK131025 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 13 Apr 88 p 1*

[By Cheung Lai-Keun]

[Text] Hong Kong Satellite CATV, one of the eight consortiums bidding for the territory's cable television franchise, is planning to reduce the stakes held by its American partners in an effort to avoid a possible conflict with the Broadcasting Review Board.

A recent report by the review board stated that television broadcasting studios must be controlled by Hong Kong-based interests and stakes by foreign parties should not exceed 49 per cent.

Noah Mandell, managing director of CATV, said the company was negotiating with some interested parties in Hong Kong.

He said the American partner of CATV was Technology Trading Inc, and its stake in the company would drop to about 35 per cent.

He said the final decision would be made after the results of the cable television franchise were announced.

Other partners of the CATV consortium include Hong Kong Golding Investment Co with five per cent, Hong Kong Raily Construction Co with two per cent, and the Hong Kong News Group.

In another development, CATV announced yesterday that it has signed agreements with China National Posts and Telecommunications Industry Corp (PTIC) and Shandong Provincial Television.

The agreement with PTIC gives the Chinese company the option of acquiring a 10 per cent stake in CATV.

**Editorial Supports Exposition in 1997**  
*HK140447 Hong Kong SOUTH CHINA MORNING POST* in English 14 Apr 88 p 20

[Editorial: "A Grand Idea Which Needs To Be Evaluated"]

[Text] Hong Kong is a showcase of capitalist progress and there would be no better way to emphasise that than by staging a successful exposition here in Hong Kong. Its people have often been told that the transfer of sovereignty should be a cause for celebration rather than a wake and now an idea has come along offering a chance to turn these words into deeds. But whether such an enterprise can succeed or not depends on the support of governments. So far any official endorsement seems tentative, but the notion may prove to have political appeal.

Potentially, the exposition would be a splendid opportunity for the Hong Kong, Chinese and British governments to demonstrate their commitment to the territory by working together, irrespective of any commercial spin-off benefits. It would certainly give a boost to many businesses, not least the tourist trade. A grand exhibition, with the theme of courage and continuity, would be a fitting finale to 156 years of British rule and an apt introduction to 50 more years of autonomy.

It would not come cheap, but it would help to dispel any sense of gloom created by high emigration figures and accentuate the positive aspects of Hong Kong's strong economy and stable society. People with a commitment to its future would welcome it as a spectacular move to foster pride in Hong Kong. A major international festival, coinciding with the proclamation of the Special Administrative Region, would set the stage for the world to watch the 1997 drama unfold.

In 1967 Canada celebrated its centennial by hosting an expo in Montreal; this year Australia is toasting its second century by doing the same in Brisbane. Hong Kong Expo'97 would seem, in that context, an appropriate event. Some Chinese Government officials and certain leading businessmen have expressed interest. But before the concept is developed, important and expensive commitments would have to be examined. For instance, Hong Kong would have to build a new airport,

putting an end to the delays and arguments over the proposals to date. With many hotels newly opened and several more going up, Hong Kong could yet face a glut of tourist and convention facilities similar to that experienced by Singapore. The answer, as the Hong Kong Tourist Association would confirm, is to make the territory more appealing.

Hong Kong is an international meeting-point and major financial centre and this image would be enhanced by a successful event of the kind suggested. But the partners in any such joint venture must be willing to risk several billion dollars. Local industries which promote their products abroad would have the world coming to their door and seeing what makes Hong Kong special. But if the money and Government backing are not forthcoming, the grand idea would best remain just that. An extravagant flop would do nobody any favours.

### Macao

**Lisbon Said Concerned About PRC 'Meddling'**  
*HK131003 Hong Kong SOUTH CHINA MORNING POST* in English 13 Apr 88 p 19

[By Chris Yeung and Adam Lee]

[Text] Macao celebrates the first anniversary of the Joint Declaration on the enclave's future today but the Governor, Mr Carlos Melancia, will miss the party.

He is away being briefed by his Lisbon master, Portuguese President Dr Mario Soares, on the countdown to the 1999 handover to China.

During the meeting, Mr Melancia will get a first-hand report on the outcome of the first session of the Sino-Portuguese Joint Liaison Group, which is meeting in Lisbon this week.

It appears that Lisbon is less than happy with Beijing about the way things are going.

Making a complaint that will hardly surprise hardened Hong Kong watchers, the Portuguese say there has been too much Chinese interference for their liking.

The Lisbon administration is said to be concerned about the increasing among of mainland meddling in a number of major development projects.

It is understood that the Portuguese team will seek assurances from their Chinese counterparts that the administration should be allowed a free hand in the transitional period.

Speaking before his departure last night, Mr Melancia said Macao should try to reduce its administrative and legislative dependence on Lisbon in the run up to 1999.

Mr Melancia, however, stressed Lisbon's commitment to Macao's future.

A number of major projects including an airport, deep water port and rubbish incinerator have had the financial and technological backing of Portugal, he said.

Portuguese investors had also expressed interest in investing in enterprises such as machinery, food processing, transport, electricity, communications and banking.

Mr Melancia also said Taiwan investors had shown interest in tourism and the hotel business.

Some other dignitaries were less optimistic, however.

Legislative Assembly member, Ms Susanna Chow, warned of sinking confidence and growing emigration.

China should give reassurances about promises made in the Joint Declaration, she said.

Another legislator, Mr Alexander Ho, said local confidence had dropped because the administration had failed to consult the public before deciding policies. He was also dissatisfied with the slow pace of localisation.

His colleague, Macao-born lawyer, Dr Carlos Assumcao, disagreed, saying the Joint Declaration has cleared the "smog over Macao's future".

Another lawyer, Dr Senna Fernandes, said Macao might become "an empty city" if there were no participation by the Portuguese after 1999.

During his stay in Lisbon, Mr Melancia will also meet Prime Minister Dr Cavaco Silva. They will discuss Portuguese investment in Macao and Mr Melancia's visit to China next month.

Mr Melancia is to meet Chinese officials including Mr Ji Pengfei, director of the Hong Kong and Macao Affairs Office under the State Council, and Mr Zhou Nan, a Vice Foreign Minister, during the four-day visit.

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